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Guarantors: 'Diplomatic Reasons' Delay Observers

PY1003165395 Madrid EFE in Spanish 1543 GMT 10 Mar 95

[FBIS Translated Text] Brasilia, 10 Mar (EFE)—Today the guarantor countries of the Rio de Janeiro Protocol—Argentina, Brazil, Chile, and the United States—confirmed that the delay of the definitive observers' mission to the conflict zone between Ecuador and Peru is due to "diplomatic reasons."

A spokesman for Itamaraty Palace—the Brazilian Foreign Ministry—today revealed that the delay is due to "diplomatic reasons" and not to "infrastructural reasons" as some Ecuadoran Government officials maintain.

The representatives of the guarantor countries, who have been in Brasilia since yesterday, confirmed that their trip was suspended on 9 March due to the fact that the task of verifying the cease-fire and the demilitarization of the combat zone had not been fully regulated.

According to the Brazilian diplomatic source, these representatives are preparing a "Procedures Document" to regulate the military observers' activities.

According to information from Lima, the mission is in doubt because the Ecuadoran Government refuses to sign the document regulating the activities of the military representatives of the four guarantor countries.

The document that is being drafted and that must be signed by Ecuador, Peru, and the four guarantor countries is considered "fundamental" for the mission to be able to act with full freedom in the zone that was the theater of operations during the war, and for the mission to be able to move in Peruvian and Ecuadoran territory with the necessary logistical support it needs to carry out its task.

The observers demand guarantees for crossing the Peruvian-Ecuadoran border and flying over the airspace of the two countries freely and without the need for preliminary authorization.

The main group of observers had been scheduled to have arrived in the conflict zone to verify the fulfillment of the cease-fire agreed upon by the two Andean nations.

The permanent mission, headed by Brazilian General Candido Vargas de Freire, will be in charge of the final separation of forces in the zone where the non-declared war that started on 26 January was waged.

The mission, which is comprised of 50 military officers from the four guarantor countries, represents the definitive group of observers following the visits paid to the zone by another advance group of military observers and a delegation of diplomatic representatives from the guarantor countries.

The observers' mission will be to verify respect for the cease-fire that was agreed upon by Peru and Ecuador during negotiations that ended in Brasilia on 17 February, and which after several violations was ratified in Montevideo last week, when Peruvian President Alberto Fujimori and Ecuadoran President Sixto Duran-Ballen participated in the inauguration of Julio Maria Sanguinetti.

The observers, who should remain some 90 days in the Amazon zone where the armed conflict took place, according to the Itamaraty Peace Declaration terms, will split up in two: One group will be in Patuca, Ecuador, and the other will be in El Milagro, Bagua district, Peru.

Peruvian, Ecuadoran Envoys Sign Accord in Brazil

PY1103025195 Madrid EFE in Spanish 0049 GMT 11 Mar 95

[FBIS Translated Text] Brasilia, 10 Mar (EFE)—The Ecuadoran and Peruvian ambassadors to Brazil, Alejandro Gordillo and Cesar Valdivieso, respectively, today signed an agreement establishing the rules for the verification—by a mission of observers—of the cease-fire between the troops of the two countries.

Brazilian Deputy Foreign Minister Sebastiao do Rego Barros announced in Brasilia today that the "definitive" international mission, which will comprise 40 military men, is ready to go to the conflict area, possibly on Saturday.

The mission will leave the Brazilian federal capital first for the Peruvian town of Piura and then to Cuenca, in Ecuador.

The "Document of Proceedings," which is the name given to the new bilateral agreement signed at the request of the official representatives of guarantor countries (Argentina, Brazil, Chile and the United States), regulates the activities of the observers—who will be exclusively military men—authorizing them to tour the border area where combat began on 26 January.

The new document, which do Rego Barros considers "secret," is an instrument to implement the peace commitment that the governments assumed on 17 February in the "Declaration of Itamaraty" (the Brazilian Foreign Ministry headquarters).

Diplomatic representatives of the four guarantor countries and the ambassadors of the two Andean nations have been negotiating the signing of the agreement since Wednesday in Brasilia. Factors that were not made clear hindered the process.

One of the greatest difficulties the observers mentioned was obtaining guarantees for crossing the Ecuadoran-Peruvian border and for freely overflying the airspace of the two countries, without having to seek previous authorization.

Following the signing of the "Document of Proceedings" at the Brazilian Foreign Ministry headquarters (Itamaraty Palace), Peruvian Ambassador Alejandro Gordillo said his country has "always" had the political will to reach an agreement—the negotiations for which lasted two weeks—emphasizing that the agreement was reached with a "constructive, positive, and flexible" spirit.

Peru stated that it accepted the document on 8 March, but the document was signed only today, without Peru, Ecuador, or the diplomatic representatives of the four guarantor countries explaining the reasons for the delay in the negotiations.

Ecuadoran Ambassador Valdivieso abstained from commenting to the media but he said through a member of the delegation that his government has always been willing to respect measures that will allow the verification of the cessation of hostilities which began on 26 January.

In turn the Brazilian deputy foreign minister said the document signed in Brasilia was approved after intense negotiations and consultations.

He added that the difficulties in signing it were caused by technical reasons which he did not specify because they are "classified."

The permanent mission, headed by General Candido Vargas Freire from Brazil, must verify the separation of forces in the zone where the undeclared war took place in an Amazon jungle area known as Upper Cenepa.

The 40 military men from the four countries comprise the definite group of observers that will go to the conflict zone now it has been surveyed during the last week of February by a group of topographers, cartographers, and diplomats.

The "definite" mission of observers should have arrived on 9 March in the area of the armed clashes but the "technical matters" mentioned by the deputy foreign minister prevented its departure.

Under the "Declaration of Itamaraty," military delegates will remain 90 days in the Upper Cenepa area and then stay on at two bases: One in the Ecuadoran city of Patuca, and another in El Milagro, which is in the Peruvian municipality of Bagua.

Peruvian Official Comments on Accord

PY1103011495 Lima Radio Programas del Peru Network in Spanish 2342 GMT 10 Mar 95

[News conference by Peruvian Deputy Foreign Minister Eduardo Ponce de Vivanco with unidentified reporters at the Foreign Ministry building in Lima on 10 March]

[FBIS Translated Text] The following is a statement by Deputy Foreign Minister Eduardo Ponce de Vivanco after he received a report from Brazil:

[Begin recording] [Ponce] First of all, please excuse us for not responding to your call earlier, but you are aware that diplomatic issues can be disclosed only when conditions allow.

I have just been informed by our embassy in Brasilia, and am able in turn to tell you, that the document under discussion in Brasilia has been signed. Some difficulties were raised regarding this document, but not precisely by Peru.

This document will allow the mission of observers provided for in the Itamaraty Peace Declaration to arrive in Peru probably tomorrow. The precise time of its arrival is still to be established, but everything seems to indicate that the mission of observers will effectively arrive in Piura, Peru tomorrow, and subsequently begin its work.

This means that the Itamaraty Peace Declaration will be implemented in full regarding the cease-fire, which, as you know, is in force.

[Unidentified reporter] What does the document that was signed this afternoon consist of?

[Ponce] Well, in addition, I wish to inform you that Brazilian Foreign Ministry General Secretary Sebastiao do Rego Barros, that is, the Brazilian deputy foreign minister, has informed Brazilian and international media that Peru had approved this document on 8 February, while Ecuador only approved it today.

This is very important information, and I am certain the Peruvian media will take it into account when making the proper assessment.

[Reporter] [Question indistinct]

[Ponce] When this issue was raised before the Brazilian Foreign Ministry general secretary, he gave a very specific answer. This is because it concerns a technical document of a military nature that the observers first negotiated (?among themselves) and was later subjected to the parties involved. In view of this, I am sure you will spare me from making statements that should not be made.

[Reporter] What about the security regulations for the deployment of the observers in the demilitarized area?

[Ponce] I believe I answered a similar question recently.

[Reporter] [Question indistinct]

[Ponce] Yes, of course; our ambassador in Brasilia has unfortunately been unable to be with us because this document had to be signed, but throughout the entire day, we have been in constant contact with him.

As we have already reported in a Foreign Ministry communique, we have summoned the Peruvian ambassadors to the guarantor countries of the Rio de Janeiro Protocol to better coordinate our actions on all those fronts we view as quite important.

[Reporter] Has the Foreign Ministry appointed a representative to accompany the mission that is arriving tomorrow?

[Ponce] Yes, of course. For the past few days, the Foreign Ministry has appointed alternate liaison officers to maintain fluid and effective communication.

[Reporter] [Question indistinct]

[Ponce] I cannot inform you about anything because you are quoting an Ecuadoran source. Thank you very much. [end recording]

Cuba

Castro Arrives in Copenhagen, Attends Ceremony

FL1003142095 Havana Radio Rebelde Network in Spanish 1255 GMT 10 Mar 95

[Report by correspondent Carlos Sanabria Marrero in Copenhagen: from the "Doing Radio" program—live]

[FBIS Translated Text] There has been tremendous anticipation due the arrival of Commander in Chief Fidel Castro at 1212 [local time] in Copenhagen, to head the Cuban delegation which is participating in the World Summit on Social Development. Reporters covering the summit are excited, and the whole city of Copenhagen is stirred due to the visit of Fidel Castro.

Fidel Castro and Nelson Mandela will attend a friendship and solidarity ceremony called by the Danish unions and friendship associations for tomorrow in the Falcon Center, in the heart of Copenhagen. The ceremony will take place at 1700 [local time] and will be broadcast to all Europe by Danish television. This event is an indication of the interest created by Fidel's visit, and is organized specially for him, and for Nelson Mandela, who is also very much admired by Danish unions and workers.

I have just received telephone calls from Italy, France, and the BBC in London. Correspondents in Copenhagen, and in other countries as well, are looking for ways to contact Fidel to obtain an exclusive interview with him. So you see, there is great anticipation, and from now on, the World Summit on Social Development, which began on 6 March in Copenhagen, has a name: Fidel Castro. We will continue working hard to offer our audience the best information on this event.

Interviewed on Danish Television

FL1103031495 Havana Radio Rebelde Network in Spanish 0000 GMT 11 Mar 95

[From the "Exclusive" program]

[FBIS Translated Text] Commander in Chief Fidel Castro, who arrived in Copenhagen at midday today to head the Cuban delegation at the World Summit for Social Development, gave an interview to the Danish television station, Channel Two. The Chief of the Revolution pointed out that the gap between rich and poor nations is growing wider. Fidel said we are not developing nations, but underdeveloping nations. The Cuban president considers it good that everyone is talking about fighting poverty today because it means that they have become aware of the terrible problem that thousands upon thousands of people in the world are facing. Fidel was a part of creating this awareness, as well as contributing to the health of the environment at the Earth Summit in Rio de Janeiro. In response to a question about the fight against poverty in Cuba, Fidel Castro said:

[Begin Castro recording, in Spanish with simultaneous translation into English] Well, we are fighting it, since we had been working on that before. What we are doing in Cuba is to equally distribute whatever we have. It is not much, it is less than we used to have. We are a country under a blockade, we are vigorously blockaded, so we have to put up a fight under very difficult circumstances. We endure the consequences of the demise of the socialist camp. In spite of that, we have not closed one school, one hospital. No one has been left helpless. No teacher has been left without a classroom, no doctor has been left without work. We have managed to distribute, in an equitable manner, what little we have. We do not have as much as you do; if we had as much as you do, we would have much to deliver. [end recording]

[Havana Tele Rebelde and Cuba Vision Networks in Spanish at 0100 GMT on 11 March adds that ANPP President Ricardo Alarcon and Havana historian Eusebio Leal are part of President Castro's delegation to Copenhagen]

Addresses Social Development Summit

PA1203143295 Havana Radio Havana Cuba in Spanish 1200 GMT 12 Mar 95

[Speech by President Fidel Castro at the World Social Development Summit in Copenhagen on 12 March—recorded]

[FBIS Translated Text] Mr. President; Your Excellencies: Life is a dream, and dreams are only dreams. Such were the words of the famous Spanish playwright Calderon de la Barca. Independent of the noble intentions of those present, there can be no social development in this world, where the rich become richer and the poor become poorer every day; where certain countries receive ever lower prices for their raw materials and basic products, while others sell their finished products at ever higher prices; where the foreign debt of the less fortunate grows continuously, now reaching the incredible amount of $1.5 trillion; where interest rates arbitrarily increase from one day to the next; where the population explodes in the poorest regions; where capital resources flee from the poor nations to the rich in ever growing amounts; where brains are stolen continuously from where they are most needed; where women, children, blacks, and other minorities suffer from discrimination; and where chaos and anarchy rule the geography under the savage laws of the market.

Where there is no humanity, there can be no human rights. Where egoism reigns, there can be no solidarity. Where the wasteful consumer societies serve as the model for a population that now exceeds 5.7 billion, there can be no environmental conservation and no natural resources left undepleted [three-second break in reception] no possible social development. Where the arms race and weapons trade continue, despite the end of the Cold War; where not a single penny of the funds that were and continue to he squandered on weapons has been allocated for human progress; where military blocs continue to expand irrationally; and where sophisticated weapons continue to be produced and improved, there can be no social development.

There can be no peace or social development with hegemony and interventions of all kinds under any pretext; events that only take place in small Third World countries, without the least respect for each country's sacred right to its full independence and equality in international relations. It is a lie. It is a falsehood.

Neoliberalism, a fashionable doctrine imposed on the modern world, pitilessly sacrifices resources for health, education, culture, sports, social security, affordable housing, potable water, and other basic needs of the population in underdeveloped countries. In other words, neoliberalism prevents social development.

The fact that there are poor people in the industrialized countries is a disgrace. That unemployment cannot be reduced in such countries and that it grows proportionally with technological advances is proof of the irrational nature of the prevailing system. The unstoppable increase in drug trafficking, xenophobia, and violence shows the system's moral decadence.

Despite the fact that Cuba has been the victim of a criminal embargo only because it does not agree with the ideas of its powerful neighbor to the north and that it lost more than 60 percent of its imports following the collapse of the socialist bloc and the Soviet Union, it has not closed one school, hospital, nursing home or day-care center. Even though Cuba is a poor country, it currently has the highest number of teachers, doctors, art teachers, and coaches per capita worldwide. Our infant mortality rate is less than 10 per every 1,000 live births. Our illiteracy rate is zero, and our life expectancy is over 75 years. We have lived through this, and we can talk about it.

What we, the participants at this conference, seek is possible, but we need more than promises, resolutions, and declarations. We need political resolve and justice, not only within each country, but among all countries. We need a better distribution of the world's wealth among all nations and within each nation. Only when true solidarity is established among peoples can our dreams of today become the reality of tomorrow. Many thanks.

Criticizes Limitations of Final Documents

PA1203135095 Havana Radio Havana Cuba in Spanish 0000 GMT 12 Mar 95

[From the "Evening Information Review" Newscast]

[FBIS Translated Text] Cuban President Fidel Castro stated today, Saturday, in Copenhagen that the World Social Development Summit promotes awareness of the problem of poverty, but he criticized the final documents' failure to mention the crucial problems faced by Third World countries.

The Cuban leader spoke before an enthusiastic audience of over 2,000 cheering people in a theater in the Danish capital. He warned that the gap between developed and developing countries is not getting smaller. There is no mention of unequal trade, of capital flight, or that the developing world is financing the developed world, Cuban President Fidel Castro said, referring to the final documents of the world summit.

The Cuban leader added: Nor is any mention made of the rapid growth of the Third World's foreign debt. He added that programs to condone debts only exist in the dreams of a few countries.

Speaking before thousands of Danish supporters, Fidel Castro also criticized the capitalist model of development, which has been incapable of resolving problems in the nations that have adopted it, such as unemployment and the environmental crisis. There is no talk of democratizing the United Nations or of the right to veto, which can annul the will of almost 200 countries, the Cuban revolutionary leader added. He also stated that the Copenhagen summit has remained silent about peoples' right to self-determination, which has been threatened over the past few years by concepts of limited sovereignty.

Visibly moved, President Fidel Castro praised the participants at the solidarity meeting. The Cuban leader told the audience, which constantly gave him standing ovations, that you are showing us we are not alone, that we are not isolated.

Mitterrand 'Condemned' U.S. Blockade, Defends Meeting Castro

FL1103161595 Havana Radio Reloj Network in Spanish 1502 GMT 11 Mar 95

[FBIS Translated Text] French President Francois Mitterrand condemned [condenar] the U.S. blockade against Cuba during a press conference in Copenhagen on 11 March. He also defended his coming meeting with Fidel Castro on 13 March in Paris.

Mitterrand stated that Cuba has been completely isolated a long time after the end of the Cold War, the victim of an unnecessary blockade. Mitterrand condemned the rising number of embargoes being imposed in recent times, and stressed that he is not in favor of embargoes in general, and supports their end.

Regarding the embargo against Iraq, Mitterrand stated that it should end if Iraq complies with the U.N. resolutions. France, Russia, and China oppose the United States and Great Britain in the Security Council on this issue.

Envoy on Importance of First Castro Visit to France

PA1303001695 Havana Radio Havana Cuba in Spanish 0000 GMT 12 Mar 95

[Telephone interview with Cuban Ambassador to France Raul Roa Kourie, in France, by Maria Elena Calderin, in Cuba; from the "Evening Information Review" newscast—live]

[FBIS Translated Text] [Calderin] Mr. Ambassador, even though we have learned that the arrival of President Fidel Castro in Paris on 13 March has been greatly anticipated in France, we would like you to give us your view—as the highest representative of the Cuban Government in that country—on the significance of our president's first visit to France.

[Roa Kourie] As you know, President Castro will come to Paris at the invitation of UNESCO Director General Federico Mayor. This will be the first time Castro will be visiting the UNESCO headquarters, as well as the French capital. This visit has an enormous significance. First, Castro will be visiting UNESCO, an institution with which Cuba has maintained very close ties since its establishment, as Cuba was one of its founding members.

It is also significant from the angle of bilateral relations since President Castro will meet privately with Francois Mitterrand at the official residence of the chiefs of state at the [word indistinct] Hotel. Mitterrand has invited Castro for a private dinner at the Elysee Palace. During his stay in Paris, Castro will also meet with the president of the French National Assembly and will meet privately with French industrialists, businessmen, prominent financial personalities, and bankers.

I believe this visit has a tremendous significance from the aspect of bilateral relations because respect and friendship have always characterized relations between France and Cuba. These two countries have also shared very old traditions of friendship and reciprocal cultural influence. Therefore, President Castro's visit will be very significant in this regard. This is the first time—as far as I can recall at least—that a Cuban president has visited France. Although this is not an official visit to France [as heard], it is very significant at this time.

In addition, ties between Cuba and France are yielding significant results as demonstrated by recent visits by representatives of the French Foundation and the Association of Businessmen of the Maxim Business Club. Consequently, I believe this is a very special and important occasion and this is why Castro's visit has caused great expectation in France.

[Calderin] Regarding bilateral relations, throughout 1994, there were signs—particularly on the part of President Mitterrand—of closer contacts, and, I would even say, a more direct determination on the part of France to participate in Cuba's development plans. What do you think are the reasons for France's interest?

[Roa Kourie] It is obvious that France has always had a strong participation in Latin America and particularly, in the Caribbean. Our country's current policy of opening up to foreign investments clearly motivates French investors to invest in Cuba. On the other hand, President Miterrand has categorically described the blockade imposed on Cuba by the U.S. Government as stupid and this categorical rejection by France of the U.S. blockade has also encouraged French investors and businessmen to establish ties with Cuba.

[Calderin] Along this line, France's decision to increase credit for Cuba to purchase industrial products and food was announced a few days ago. This is another way France has expressed its interest in participating in Cuba's projects. However, this stand goes against U.S. efforts to prevent assistance to Cuba from the West. What is your view in this regard?

[Roa Kourie] I believe France is acting independently, and its stand reflects the unified position of the EU, which is to reject the U.S. Government's attempt to impose its laws on third countries. The EU directly rejects the blockade as an illegal, unilateral, and unacceptable act.

[Calderin] Many thanks, Ambassador Roa Kourie.

Conflict With U.S. at World Summit Reported 'Resolved'

FL1103020995 Havana Radio Reloj Network in Spanish 2034 GMT 10 Mar 95

[FBIS Translated Text] Chile's Ambassador to the United Nations Juan Somavia, president of the central committee of the World Summit for Social Development, announced in Copenhagen that the controversy between Cuba and the United States, which was blocking the drafting of the summit's resolutions, was resolved a few hours ago. The disagreement was solved by amending the text to read that states should avoid any unilateral measure that is not in agreement with international law and the UN Charter, and which would hinder trade relations between nations. This wording replaced that which called for refraining from implementing unilateral coercive measures in violation of international law and hindering the states' economic and social development. Observers are of the opinion that the consensus achieved is a watered-down plan that diminishes commitment on this issue. Cuba had previously succeeded in including a similar motion in the agenda.

Commentary: U.S. Trying 'To Starve' 11 Million Cubans

PA1103012895 Havana Radio Havana Cuba in Spanish 0000 GMT 10 Mar 95

[Commentary by Roberto Morejon, from the "Evening Information Review" newscast]

[FBIS Translated Text] With the same immorality with which U.S. Congressmen are trying to starve 11 million Cubans, the United States has managed to impose—for a fourth consecutive year in Geneva, at the 51st session of the UN Human Rights Commission—an anti-Cuban motion on citizens' rights. Because of the initiative and pressure from Washington, the abovementioned commission with headquarters in that Swiss city approved a resolution that insists, among other things, that Cuba should allow the entry of the so-called special rapporteur for Cuba, Swede (Karl Johan Krog). That European diplomat holds a post that has been distorted by the pressures of the U.S. Government, which has arbitrarily placed Cuba among its main targets over the alleged violations of the dignity of man.

Forgetting all significant achievements made by the Cubans in the area of social justice, the United States every year imposes in Geneva some resolutions that have been manipulated, and Cuba always reaffirms its refusal to comply with them. There is a disregard for the visit made to Cuba by Ecuadorean Jose Ayala Lasso, UN high commissioner for human rights, who was able to visit last year without any difficulties, simply because his mission has nothing to do with U.S. maneuvers. Those are the same manipulations that make it easy for the United States to neutralize projects condemning it for violations of citizens' rights in its territory.

Those fraudulent methods allowed the White House to prevent the approval of a motion presented by Cuba at the current meeting in Geneva with regard to racial discrimination, xenophobia, and intolerance in the United States. The Cuban proposal was not just a mere diplomatic exercise of self-defense, but it was based on a recent report by the UN rapporteur on the verification of the contemporary forms of racism. He stated that the majority of the U.S. blacks are condemned to poverty, illiteracy, drugs, and crime in response to the blind alley in which find themselves.

The U.S. authorities exerted pressure in Geneva to unjustly condemn Cuba and thus free themselves from the accusations of the international community. However, they must also embark on a vast publicity campaign to drown the criticism for maintaining the blockade against the greatest island in the Antilles. In practice, this is a form of massive violation of the human rights of 11 million Cubans.

On 8 March, the influential daily THE WASHINGTON POST asked U.S. President William Clinton to set aside the policy of forsaking Cuba, to reduce the economic blockade, and to ignore the rhetoric of some lawmakers who call for the opposite. Because it is listening to ultra-reactionary congressmen such as Jesse Helms and the extreme-rightist Cuban migrants established in Florida, the current U.S. Administration is involved in the shady anti-Cuban actions that we have just witnessed in Geneva. A significant portion of the U.S. population is wondering how much longer this will occur.

Commentary: Summit News 'Bad News' for Third World

FL1003130295 Havana Radio Rebelde Network in Spanish 1255 GMT 9 Mar 95

["Our Opinion" commentary by correspondent Eduardo Dimas; from the "Doing Radio" program]

[FBIS Translated Text] Good Morning. The social development summit is generating news on a daily basis and most is bad news for the Third World. On 6 March, (Michael Candesus), general manager of the International Monetary Fund [IMF], stated that he was taken by surprise by Mexico's economic crisis, which has come to prove the dangers deriving from lack of vigilance and application of unstable structural adjustments. (Candesus) admitted that the IMF has not reached the goals that were laid down for it 50 years ago when it was created. It is hard to believe that the IMF was taken by surprise by Mexico's economic crisis because the first symptoms appeared two years ago. However, during that time Mexico was involved in the Free Trade Agreement talks with the United States and Canada. The IMF's intervention would have not been in the best interests of the United States. On the other hand, if measures would have been taken back then to avoid Mexico's crisis it would have been the clearest expression of just how unfeasible the neo-liberal model is for Latin America, something else that would have not been in the United States' best interests. Therefore, it is difficult to believe that the IMF did not foresee the danger of an economic crisis in Mexico; what they did was ignore it.

Mexico's crisis throws doubts on the implementation of a model that is considered by international economic organizations as a solution to all the woes of under development. Evidently, once put in to practice, neo-liberalism represents turning over the Third World's economies to the interests of multinational companies as part of the globalization process which is taking place. In the new conditions which have been created, Latin America is still the United States' natural market and, to a certain extent, the basis of its strength in its relations with other economic hubs, which are headed by Japan in Asia and Germany in Europe. That is why, even if Mexico's crisis reflects neo-liberalism's failure, the IMF, as well as the other international economic organizations will continue to promote that economic model because it is what best suits the interests of the highly developed countries. That is why the Third World can not expect to have its aspirations taken seriously.

The other news item that has come from Copenhagen—just in case anyone had any doubts—is that the poorest countries' hopes of obtaining the cancellation of their debt and of obtaining new resources—as a result of the summit—have turned into nothing. With regard to the debt, the work groups agreed that it would be left up to the Paris Club—which is made up of the main creditors—to decide on a per nation basis about these demands. With reference to new resources, it was agreed that it would be based on the will of the First World countries. Therefore, what's left of the hopes that had arisen from the summit? I would say very little. Up to now it seems to be a simple repetition of prior meetings, where there is no true interest in resolving the Third World's problems. I think that the underdeveloped countries' wishes of having their demands heard and resolved are dissolving. The only thing that is left for them to do is demand that they face together the challenge for the wellbeing of their people, but that is still far away—or maybe not. Who knows?

Robaina Speech Indicts 'Trend Toward Globalization'

FL1103002695 Havana Radio Rebelde Network in Spanish 1800 GMT 10 Mar 95

[Report by Carlos Sanabria Marero, in Copenhagen; from the "National Radio News"]

[FBIS Translated Text] Foreign Minister Roberto Robaina has just finished his speech at the World Summit on Social Development, where ministry-level meetings were held today.

[Begin Robaina recording] The adjustment policies imposed by international organizations curb true social development programs, meddle in the distribution of development funds and with axioms advocating limited tolerance, governability, or the reinvention of government, further crippling already weak governments. Cuba, which does not exclude itself from the interconnected world of this century's ending, with its own voice defends the principles of independence, self-determination, and sovereignty of all countries against the trend toward globalization, which seeks to eliminate and dismantle the national state. We do this with all the authority earned in 35 years of resistance against a criminal economic, trade, and financial blockade, with which the First World seeks to nullify social development projects undertaken in my country. [end recording]

Blames 'Few Rich' for Poverty

FL1103002295 Havana Radio Reloj Network in Spanish 2032 GMT 10 Mar 95

[FBIS Translated Text] In his speech at the World Summit on Social Development, Foreign Minister Roberto Robaina said that for Cubans, the form of capital that truly generates development are human dignity and integrity. Robaina said that in the face of an impressive panorama of unprecedented advances, we coexist within an array of human suffering that casts doubt on the material and spiritual future of our species in the next century. Robaina added that the few rich of the world are increasingly more responsible for our poverty; they are alarmed by the intrusion of misery and environmental deterioration, but have not asked themselves about the underlying causes. He added that, like many poor, we are fed up with poverty and can only protest and present our employment and literacy needs, and curb the decline in prices of our basic products.

Says U.S. Seeks 'Extermination' of Cubans

PA1103031095 Havana Radio Havana Cuba in Spanish 0000 GMT 11 Mar 95

[Report by Jorge Ruiz Millares, special Radio Havana correspondent in Copenhagen, from the "Evening Information Review" newscast]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina addressed the plenum of [words indistinct] in the Danish capital, where the World Summit for Social Development is under way. At today's sessions, which were devoted to exchanging general points of view by participating labor, social development, and foreign ministers, the Cuban foreign minister evoked the words of the brilliant Danish writer Hans Christian Andersen, whose children's stories have greatly influenced many generations' views on justice, solidarity, dignity, and humanism.

Nevertheless, Robaina pointed out, the dreams in Andersen's stories have been betrayed by the presence of aberrant human suffering, which threatens humanity's physical and spiritual progress in the next century. Here is how Robaina described the situation:

[Begin Robaina recording] Far from resolving the challenges of underdevelopment, each scientific and technological step today has become a true aggression against civilization, because achievements are not transferable and merely widen the already huge gap separating the North from the South. [end recording]

Regarding Cuba's position on the issues being discussed, Robaina said:

[Begin Robaina recording] Cuba, which does not exclude itself from the interconnected world of this century's ending, with its own voice defends the principles of independence, self-determination, and sovereignty of all countries against the trend toward globalization, which seeks to eliminate and dismantle the national state. We do this with all the authority earned in 35 years of resistance against a criminal economic, trade, and financial blockade, with which the First World seeks to nullify social development projects undertaken in my country.

Today we have many more reasons for making this defense, because while this meeting is in session, extremist U.S. congressmen are attempting to promote a diabolical plan for the mass extermination of the Cuban people, who are refusing to accept the model they have tried to impose on us. [end recording]

Cuba, Robaina added, firmly believes that social development without social integration is unworkable. He said Cuba can say this because of the authority it has derived from consulting the people and allowing them to participate in the country's decisionmaking, which has facilitated the national consensus Cuba needs to conduct its social development.

On this Robaina said the following:

[Begin Robaina recording] We will not imitate the presumptuous attitude of attempting to impose our model on others. Nevertheless, we have every right to request the respect and understanding that we profess, and we hope that other peoples attain economic growth that does not undermine their unity but, rather, facilitates social integration, just as we are demanding specific solutions and actions to prevent and overcome our problems.

Human beings are more than mere numbers. We are, each one of us, first and foremost, dreams of ourselves, of our parents, and of our children. A dream that deserves to come true and which we should make come true. [end recording]

Networks Report on Castro, Robaina Summit Activities

FL1303033195 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 11 Mar 95

[From the "NTV" newscast]

[FBIS Translated Text] According to PRENSA LATINA, the two most cheered presidents were Cuban President Fidel Castro and South African President Nelson Mandela. Both statesmen will today participate in a solidarity meeting organized by Danish Friendship associations. Yesterday, in an interview with local television, Fidel said that there cannot be a universal prescription for Third World countries. Castro, who arrived in Copenhagen yesterday, added that he does not believe in neoliberalism. He also considered it an important event that the world is talking about fighting poverty because it is a sign that there is awareness of this terrible problem.

In the reception offered by Queen Margrethe II in honor of the presidents attending the forum, Fidel will occupy the seat of honor next to the queen. According to Danish protocol, this position goes to the president with the most years in service. The commander in chief will give a speech tomorrow at the summit, which is considered the most important meeting of heads of state and government in the history of the world.

Yesterday, Cuban Foreign Minister Roberto Robaina, aside from speaking at the summit, held multiple meetings with important figures.

[Begin Robaina recording] The very few rich of the world everyday become more irresponsible with that wealth and more responsible for our poverty. They live in fear of the invasion of poverty, population growth, mass migrations, integration problems, and the deterioration of the environment, but they have not asked themselves why. The post-modern world, which discriminates against races, classes, types, and nationalities, and polarizes the riches is irreverent before the principle of political-ideological plurality. While it glorifies the transition from socialism to capitalism in Europe, it has already designed a model that it intends to impose on all without distinction. Free trade, which in reality is not so free, is the new prescription for the poor; and protectionism is the life saver of the rich, who seek to maximize their profits without thinking that at that pace, the 21st century presages catastrophe for all. [end recording]

Cuban Foreign Minister Roberto Robaina began a series of bilateral meetings with representatives of various countries. These meetings began very early with conversations with Kuwaiti ministers of social affairs and planning, respectively: Ahmad al-Kulayb, and 'Abd-al-'Aziz al-Dakhil.

The summit is a good place for dialogue on fundamental social and economic problems internationally. Minister Robaina also held talks with Guyanese President Cheddi Jagan and Angolan Foreign Minister Venacio da Moura. Cuba maintains old ties of friendship and cooperation with both countries.

Commentary: U.S. 'Troglodytes' Could Blockade Themselves

FL1003160495 Havana Radio Rebelde Network in Spanish 1800 GMT 9 Mar 95

[Commentary by correspondent Susana Tesoro, titled The Blockader Could Be Blockaded; from the "National Radio News"]

[FBIS Translated Text] It may be true that in this unipolar world many citizens from the so-called western world, specifically from the United States, think that the world belongs to them. It is surprising to see that Jesse Helms, a U.S. Congressmen—who you would believe would be informed about what's happening in the world—could be so blind and be such a troglodyte [cavernicola]. Helms has proposed a bill that would strengthen even more the economic blockade, as well as trying to blockade his own country by impeding the possibility of dialogue with Cuba's Government. If Helms' bill is approved—thanks to the pressure from the Cuban- American National Foundation and the clumsy right wing—experts say that this would make matters even more complicated for President Clinton's administration because Helms and his followers want no more and no less than to punish countries that trade with Cuba. We can just imagine the amount of problems that a policy such as this—which is not only anachronistic and absurd, but also antieconomical—would bring. From another point of view we cannot underestimate Helms, the other troglodytes, or the annexation advocates from the Cuban-American National Foundation. It is said that there is a lot of money behind these measures against Cuba, measures that will not be successful. However, who knows what new ideas they could come up with. In any case, as a U.S. economist recently pointed out, a curious situation could occur in a few years: the country blockaded would not be Cuba, but the United States themselves. The United States blockaded by the arrogance of some of its politicians, its sheriff-type psychology, and its blindness because no matter how unipolar the world may be, it cannot be run from Washington.

Cuba Looking for New Trading Partners

PA1003130995 Panama City LA ESTRELLA DE PANAMA in Spanish 9 Mar 95 p 36

[Report by A. Sanchez Belisle]

[FBIS Translated Text] Carlos Martinez Salsamendi, president of the Cuban Chamber of Commerce, asserted yesterday that Cuba is changing the pattern of its trade with Latin America and the Caribbean to replace the former Soviet Union market.

"We are looking for new partners for foreign trade and capital investments," Martinez Salsamendi told LA ESTRELLA DE PANAMA.

Martinez Salsamendi is heading a Cuban delegation of 15 people who are participating in EXPOCOMER '95, which is being held at the ATLAPA Convention Center.

This is the first time Cuba is participating in EXPOCOMER and it has several pavilions to exhibit mining, medical equipment, medicine, and transportation and navigation eqiupment, Martinez Salsamendi noted.

The Cuban pavilions in EXPOCOMER also include products related to computers (software) [preceding word in English], refrigeration, pharmaceuticals (for veterinary medicine), perfume, and textiles, Martinez Salsamendi noted.

Chamber of Commerce Official Interviewed

PY1003190495 Lima EL PERUANO in Spanish 27 Feb 95 pp B6-B7

[Interview with Cuban Chamber of Commerce President Carlos Martinez in Lima, by Daniel Santillan H.; date not given]

[FBIS Translated Text] [Santillan] What was the main subject discussed at the meetings with Peruvian representatives?

[Martinez] Starting with the information I brought on the economic situation in Cuba and the work of the Cuban Chamber of Commerce, there is overall interest in exploring the possibilities of commerce and joint investments in Cuba. By understanding and identifying the interests of each country, I believe the meetings have been positive.

Our role is to open channels for permanent and systematic contact. Through these conversations we seek to increase trade between the two countries.

[Santillan] What investment possibilities does Cuba offer?

[Martinez] For the time being we propose investments in the sugar industry. We propose, through five projects that are already being developed with technical assistance, an assesment of the equipment being used in the Cuban sugar industry.

The health and pharmaceutical industries are dynamic in Cuba. Our medicines are already being sold in Peru. Moreover, Cuban medical services are rendered in the public and private areas through the Lazaro Gomez Clinic in Peru. This does not mean the service is granted only in Lima but in the interior as well.

There is tourism, the citrus fruit export industry, the Cuban metalworking industry—which produces high technology and good quality products for exports, and also the construction material industry. Agro-industry is an area in which the two countries can complement each other, that is, businesses from the two countries can benefit.

[Santillan] How much capital is needed in Cuba to reactivate the sugar industry?

[Martinez] It is difficult to estimate. The Cuban potential is too great. The industrial sector is open to foreign investors. Joint ventures over the past two years have brought in about $1.5 billion.

Tourism is growing even faster. During 1992 and 1993 this sector increased at 30 percent. In 1994 Cuba received 800,000 tourists, a 300-percent increase on the previous year.

In tourism there is an estimated investment of $20 billion because Cuba has good natural conditions. There are 300 beaches that offer the possibility of development for tourism.

This year we will have 30,000 hotel rooms, with a target of 1 million tourists in 1996.

[Santillan] Talking about joint investments, is there a law that establishes private participation in each area?

[Martinez] In 1982, the Cuban National Assembly of the People's Power passed the law which is in effect now. It establishes that a private partner will participate with 49 percent and the state with 51 percent. Later changes established that participation will be determined according to the activity. It can be 50 percent on each side, and there are cases where foreign capital owns the majority. That joint enterprise works as a private company, trades directly without government mechanisms; it purchases and sells where the company's officials decide.

[Santillan] How is the state represented in those companies?

[Martinez] Autonomy is being sought. In the past, ministries managed the companies, but now this has been reduced considerably, leaving the private companies to operate freely. There is a process for restructuring the economy, which is taking place gradually in such a manner that there will be no disruption of social economic structures. This has given Cuba economic advantages in the areas of health, sports, education, and social security.

[Santillan] How is the price policy established?

[Martinez] By sector. One area establishes the price policy; the agricultural, livestock, and industrial markets were created recently. Under this policy, the purchase-sale of products follows the free supply and demand.

[Santillan] But some natural monopolies still exist.

[Martinez] One restructuring element is the demonopolization and decentralization of economic activity.

[Santillan] Does the restructuring of the economy contemplate a privatization process?

[Martinez] Private property exists in agriculture, and 60 percent of tobacco crops are in the hands of private farmers within a cooperative. Recently there was a project to give state land to workers. In the primary sector, there is the self-employed worker who has his own small shop within the industrial sector. It is a very strong sector which has obtained good results, and for this reason no privatization has been outlined.

[Santillan] How can the capital market develop in Cuba, especially to attract resources to finance investment projects?

[Martinez] There are now three foreign banks which operate under market interest rates. This group of banks have created in London an Investment Fund for Cuba; the fund is quoted on the stock exchange to attract financing. These banks are: one Dutch, the Royal Bank of Canada; the Foreign Bank of Spain; and the French Bank will open an office in Cuba within the next few days.

[Santillan] Which countries are making the greatest investment in Cuba?

[Martinez] Canada, Spain, Mexico, Great Britain, and Italy, in that order, with approximately $1.5 billion, especially in the mining, petroleum, tourism, agro-industry, communications, and textile areas.

[Santillan] How is the communications sector developing?

[Martinez] A Cuban company recently signed a contract with a foreign company that represents several countries. It is headed by the Gomez Group from Mexico. It will handle the modernization of telecommunications, a project which requires $1.7 billion.

[Santillan] The sugar industry is the main source of income in Cuba, why did production drop?

[Martinez] Sugar has been the main source of income in Cuba, but it has dropped over the past few years. Our economic measures seek to restore production to between 6 and 7 million tonnes.

We are currently producing some 4 million tonnes. The drop has been caused, among other factors, because we stopped receiving the components necessary for a sugar harvest such as fuel, tires, etc., from European socialist countries, which supplied the components and bought our product.

[Santillan] How is the production of citrus fruits?

[Martinez] A few years ago we exported 700,000 tonnes of citrus fruits and we were the second world exporter of grapefruit, but that has dropped. Now, with foreign investment, we produced 47,000 metric tonnes of concentrates for export to Canada and Latin America with a greater added value.

[Santillan] The efficient handling of resources in a private company leads to a reduction in the number of workers. Does this happen in Cuba?

[Martinez] Absolutely, when a mixed company is established the directors assess the efficiency of the personnel. Those dismissed are transferred to other employment, or the worker receive a minimum payment until he finds another job.

[Santillan] How have Cubans faced the trade restrictions imposed on your country?

[Martinez] The blockade established by the United States is being overcome, although it still affects us in the sense that it delays the arrival of foreign companies because pressures still persist.

In Cuba there are now 176 economic associations with foreign companies. The benefits from this business are enormous. They produce interesting profit.

In addition to the benefits of repatriating utilities, there is the benefit of having a qualified labor force. The average education level of the 4 million workers in the country is 10th grade. There is one university graduate for every 15 workers. Life expectancy in Cuba is 75 years. There is one doctor for every 250 inhabitants. The mortality rate is 10 in every 1,000 born alive.

[Santillan] What are the trade figures like?

[Martinez] Insignificant. They have dropped a lot and last year it stood at $1 million. [sentence as published]

[Santillan] What are the trade goals?

[Martinez] In the 1980's, Cuban trade with countries of the region was only 5 percent, in 1993 it increased to 30 percent. [sentence as published] Some 41 percent of

Cuban exports went to Latin America. This shows the great potential existing in trade and joint ventures with neighbors.

[Santillan] What is your opinion about the globalization of markets?

[Martinez] We must be very careful in analyzing the globalization of the markets. If globalization is to continue with countries of the Third World as suppliers of raw material, while the developed countries create blocks through which they keep prospering, and we do not prosper at the same pace. That kind of globalization is not just or equitable. A globalization of world poverty is a negative globalization.

[Santillan] How is the Chamber of Commerce organized in your country?

[Martinez] Our Chamber of Commerce can be called Chamber of Industry and Commerce of the Foreign Sector, because it comprises all companies that trade with other countries.

Roundup of Economic Developments

FL1103180095

[FBIS Editorial Report] The following is a compilation of reports on Cuban economic developments monitored through 11 Mar 95.

Geologists have discovered the first known deposit of cyanite in Cuba. The deposit, which is currently under study, is located in Isle of Youth, and its reserves are estimated to be approximately 25,000 tonnes. Cyanite can be used in many industries due to its high heat resistant quality and high contents of alumina. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 9 Mar 95)

A new community of 330 houses for people affected by the floods has been established in Sagua de Tanamo, Holguin, at a cost of over 1.5 million pesos. So far over 160 families have received houses and the rest will be available in May. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 9 Mar 95)

Havana Province is ready to begin the Agro-95 agricultural campaign to end at the end of April, which will harvest 5.4 million tubers and vegetables. (Havana Radio Rebelde Network in Spanish 1000 GMT 10 Mar 95)

The goal of Cienfuegos tourist sector in 1995—as announced during a meeting of the tourism council—is to receive approximately 50,000 tourists in local hotels, and achieve over $10 million in revenues, and approximately $2.5 million in profits. (Havana Radio Rebelde Network in Spanish 1000 GMT 10 Mar 95)

Las Tunas Province: 13 farmers markets have sold over 72,000 quintales of tubers, vegetables, grains and meats, from October 1994 to January 1995, totalling over 17 million pesos. (Havana Radio Progreso Network in Spanish 1200 GMT 10 Mar 95)

Several German organizations have donated $200,000 in medical supplies, due to arrive on 13 March, for [name indistinct] hospital in Cienfuegos Province. The 11 tonnes of cargo includes medicine, equipment, wheel chairs, sterilizing instruments, clothing, etc. (Havana Radio Rebelde Network in Spanish 1255 GMT 10 Mar 95)

The first desalinization plant in Cuba has been inaugurated in Cayo Coco, Ciego de Avila. The plant, which will produce 450,000 liters daily to supply the Guitar Cayo Coco Hotel, was designed by a Spanish firm at a cost of $300,000, and will save 1 million pesos a year in water transportation from the mainland. (Havana Radio Rebelde Network in Spanish 1255 GMT 11 Mar 95)

Haiti

Presidency Notes Security Concerns on Clinton Visit

FL1003230295 Port-au-Prince Signal FM Radio in French 1130 GMT 10 Mar 95

[FBIS Translated Excerpt] The Presidency confirmed on 9 March that U.S. President Bill Clinton will honor President Jean-Bertrand Aristide's invitation to visit Haiti on 31 March to witness the transfer of authority from the multinational force to the UN Mission in Haiti [MINUHA]. UN Secretary General Butrus Butrus-Ghali will be on hand that day to witness the second phase of UN Resolution 940, more specifically within the scope of the Governors Island Agreement signed in July 1993.

Yvon Neptune, Presidency spokesman, has reported that Aristide and the Haitian people are preparing a very warm reception for these high-ranking personalities in return for their help restoring democracy in Haiti on 15 October.

Luckenson Jean reports:

[Jean, in Creole] Neptune met the press at the National Palace on 9 March and officially confirmed that William Jefferson Clinton, President of the star-studded republic, will visit Haiti on 31 March. UN Secretary Butrus Butrus-Ghali and several U.S. officials will accompany him as he witnesses the transfer of authority from the multinational force to MINUHA. [passage omitted]

Neptune said that the Presidency is very concerned about the chronic security problem and pointed an accusing finger at those factions he believes are hostile toward the change that the Haitian people have sought for so long. He added that the Presidency is also concerned with the high cost of living, leaving most Haitians to climb a slippery pole. [passage omitted]

Neptune concluded by calling on the Haitian people and all other societal factions to get together and (?cooperate with) the government.

Executive Appoints Communal Mayors Pending Elections

FL1103011395 Port-au-Prince Radio Metropole in French 1700 GMT 10 Mar 95

[FBIS Translated Excerpt] The executive has decreed appointments of several interim teams of communal mayors, pending the municipal elections. On 9 March, a new deputy mayor was appointed to the Port-au-Prince communal administration. The deputy appointed by the executive replaces Gerald Salomon whose mandate was not renewed by the government. The ceremony installation was an occasion for Mayor Evans Paul to bring light to the executive's decision. Edner Jean filed a report:

[Begin recording, in Creole] [Jean] To place this ceremony in context, Evans Paul stresses the de facto situation prevailing in the city halls of the Republic, a situation resulting from termination of the mayors' mandates two months ago. The new elections to restore communal administrations are pending. The Port-au-Prince mayor recalls that the National Front for Change and Democracy [FNCD], of which he is spokesman, had asked that the local elected officials remain in their posts until the next election. Evans Paul explains that the Front had to reconsider its position after coming in contact with the executive, which had to make some adjustments in the management of some municipalities. The government had decided last week to end the activities of certain mayors accused of collaborating with the coupists. Evans Paul recognized that in this situation, no decision can be 100 percent legal. It is necessary to adjust to the reality pof the situation, he said. It should be noted that this decision by the executive allowed Evans Paul to get rid of an onerous deputy mayor, Gerald Salomon, who had become involved with regimes of the coup d'etat.

[Paul] Deputy Mayor Salomon not exercised unacceptable behavior during the crisis, but he betrayed the cause of democracy. He did things that in any other country, would have been accepted by no one. I am not the one to judge his behavior since this is a country with law and justice, which can arrest anyone who commits crimes and sentence them if they are guilty. All I noticed was that this man never showed up for work. Since he did not show up for work, there is a vacuum, and this vacuum must be filled. So, since the Constitution provides for three persons to form the communal council, Ms. Gabrielle Duroseau, who has long experience in city hall.

[Jean] The replacement for Gerald Salomon is Gabriel Duroseau. She knows the functions of the communal administration well. She has already been the head of the social activities service in city hall. In fact, until her appointment as the second member of the communal administration in Port-au-Prince, she was the director of social affairs at city hall. Gabrielle Duroseau says she is ready to carry on the operation launched by Mayor Evans Paul, which Port-au-Prince is surviving. Despite the limited time of her mandate, Gabrielle still believes a miracle is possible. [passage omitted]

It should be known that Gerald Salomon has just brought legal action against the Port-au-Prince City Hall, demanding salary he claims he has not received since the U.S. intervention in the country. Evans Paul expects public action to be taken against Gerald Salomon, however, who Paul accuses of pilfering communal administration funds. [end recording]

CEP Continues To Install BED Members Despite Protests

FL1103014895 Port-au-Prince Radio Metropole in French 1145 GMT 10 Mar 95

[FBIS Translated Excerpt] The Provisional Electoral Council [CEP] pursues the establishment of Departmental Electoral Offices [BED's] despite protests raised over the choice of certain members. Within a few days, the Council will announce the formation of its BED's and its Registration and Voting Offices, BIV's. The Council intends to respect the agenda of activities aiming for June elections. Mrs. Marie Laurence Jocelyn Lasegue, secretary general of the Electoral Council, assures that the Council was working independently in keeping with the government and the political parties. In Cap-Haitian, the establishment of the North Department's electoral office aroused protests by members of political parties in the city. Our correspondent Jean-Claude Larouse has details:

[Begin recording, in Creole] [Larouse] A CEP delegation presided over by Jean Francisque Merisier appointed three members to the North Department's electoral office on 9 March. The new members are: Jacques Muller Hypolite, president; (Ideric) Desinor, vice president; and (Desfils Lerico), secretary general of the department's information directorate in Cap-Haitian.

In a brief address, Jacques Muller Hypolite sent out a call to all sectors of the northern population to work together in the June 1995 elections to make them successful. Several members of grass-roots organizations in the North Department, however, criticized the way the Electoral Council chose the members of the North Department's electoral office. [passage omitted]

[Larouse] Jean Francisque Merisier defends the CEP as follows:

[Merisier] First of all, the CEP appoints people independently. I regret that perhaps when I was talking, you did not listen because for you to answer this way, you could not have understand. We have electoral laws that ensure that Merisier does not do the choosing. The members of the electoral council choose the BED members independently. I said that the CEP is not concerned with having in the electoral machine a balance of all sectors. Mrs. Lasague came, but did not choose. Mrs. Lasegue came to collect, to receive proposals of candidacies.

[Larouse] Let us explain that the choice of BED members for the North Department's electoral office and the installation of the officers were conducted with great discretion in Cap-Haitian. In both cases, about 30 people who say they are members of grassroots organizations, although all of the same leaning, participated.

Joseph Claude Larouse, Radio Metropole, Cap-Haitian. [end recording]

People's Organizations Meet on Power, Elections

FL1003231795 Port-au-Prince Signal FM Radio in French 1130 GMT 10 Mar 95

[FBIS Translated Excerpt] Representatives of Haitian people's organizations met at the Dadadou sports center on 9 March. About 350 delegates from various people's organizations attended this meeting, which focused on the power of the country's popular masses and the position to adopt in the run-up to the elections. The delegates decided that the popular masses must launch into the elections (?at all costs) to reach their objectives and must ensure that they turn out to vote in support of their candidates. People's organizations—including KOKOK [expansion unknown]; the Socialist Workers' League; and the Grouping of the Cayes-Jacmel Peasants [Groupement des Paysans de Cayes-Jacmel], which organized this meeting—plan to hold a congress at the Duvalier ranch in Croix-des-Bouquets on 24 and 25 March. [passage omitted]

National Labor Party Chairs Meeting on Politics

FL1003231895 Port-au-Prince Signal FM Radio in French 1130 GMT 10 Mar 95

[FBIS Translated Text] The National Labor Party invited representatives from several political parties—including Mobilization for National Development, the Haitian Christian Democratic Party, and Generation 2004—to the Holiday Inn on 9 March to discuss the state of the country's political affairs. A reporter who was on the scene noted that the debates focused on Haiti's situation. We learned from a source close to the parties at the meeting that a committee was established to coordinate the results of the meeting.

Salinas Reportedly Leaves 'for Good'

PA1303032095 Mexico City LA JORNADA in Spanish 12 Mar 95 pp 1, 12

[Report by Ciro Perez Silva, David Aponte, Roberto Garduno Espinosa, and Emilio Lomas; passages within italics as published]

[FBIS Translated Text] It has been leaked that Carlos Salinas de Gortari and his family left the country "for good" and headed toward New York City on the afternoon of 11 March.

One report maintained that a Los Pinos emissary went to the house of the former president with a message and airline tickets in hand. Hours before receiving the presumed warning, the former Mexican *strongman* had reportedly once again picked up the telephone and dialed the number of the Benito Juarez Room at the presidential residence. Once again, his telephone call reportedly went unanswered. This is how the break was reportedly settled.

From rumors to facts. Since 28 February, since that noon when a group of Federal Judicial Police agents were ordered to arrest Raul Salinas de Gortari, rumors started spreading: the former president would leave the country.

Yesterday, the former president left. He left aboard a northbound private Falcon jet with registration number XAR-GB, owned by businessman Roberto Gonzalez Barrera, who owns Maseca and is the father-in-law of Carlos Hank Gonzalez's child.

Aboard that same plane, Salinas had left for Monterrey to begin "a all-out fast for truth, honor, and dignity."

People close to the former president who asked to remain anonymous confirmed that Carlos Salinas left for New York City, and from here, he may be headed toward Boston, Massachusetts, where he will immediately take up the post of adviser to the Board of Directors of the Dow Jones Co. Other reports stated that he went to Acapulco and from there to Miami.

The cloud of mystery surrounding the former head of state expanded yesterday. There was no answer from any place, house, or office of the Salinas Occelli family. For the first time, even the security guards assigned to protect these properties vanished. Not even Miriam Tato, who is Salinas' personal aide and who is the woman who organized the strategy for cleaning the image of her boss from her desk, answered. No one from his trusted staff was there. Only a man answered in an amicable tone but with the distrust of someone speaking to a stranger:

[LA JORNADA] Sir, we want to confirm if Mr. Salinas de Gortari is home, he was asked.

[Unidentified speaker] No one is here; everybody has left.

[LA JORNADA] Is Miss Tato there?

[Speaker] No, she did not come. I suggest you call back on Monday.

[LA JORNADA] Do you know anything about Mr. Salinas' family?

[Speaker] No. I could not tell you.

Carlos Salinas had already left the country a few minutes before our conversation with the man who answered the telephone in the office of the former president—presumably more than 24 hours after his last and fruitless attempt to talk to President Ernesto Zedillo.

The circumstances leading to the break were at their peak: an older brother accused of masterminding the murder of Jose Francisco Ruiz Massieu, a warning fast, and a fight over the already known "December mistakes."

Different protagonists, different times, but almost the same circumstances of that 1936 fight. History seemed to repeat itself. In 1935, after former President Plutarco Elias Calles had disagreed with the policies of then chief of the executive branch, General Lazaro Cardenas, who founded the National Revolutionary Party (PNR), today's PRI [Institutional Revolutionary Party], Calles left for Sinaloa and then for Los Angeles, California, amid an atmosphere of major street demonstrations calling him a "traitor to the revolutionary cause."

At the end of the same year, Calles returned to Mexican territory. Civilian officials and military officers of General Cardenas' cabinet welcomed him, and the then president decided to dismiss them. On 1 April 1936, Calles, who had become a source of political instability in Generl Cardenas' government, was expelled and sought political asylum in San Diego, California. He returned to Mexico five years later, during the government of Manuel Avila Camacho.

Nearly 50 years later, the break is repeating itself. The extent of the alienation with the former president is such that Salinas de Gortari told journalist Fidel Samaniego Reyes that the last time he had talked with Ernesto Zedillo was 24 December. "I wished him a Merry Christmas," Salinas said.

The two men spoke no more to each other. Salinas' calls to Los Pinos, which had been his home for six years, went unanswered. The break had three causes: Veiled mutual accusations over Mexico's financial crisis, the "December mistakes," rumors that the former president had concealed information regarding the investigation of Luis Donaldo Colosio's assassination, and to top it off, the arrest of Raul Salinas de Gortari on charges that he had masterminded Jose Francisco Massieu's assassination.

This sparked the confrontation. Salinas de Gortari had broken the Mexican political system's unritten laws. A few minutes after his brother was incarcerated, Salinas began a drive through the press, radio, and television to cleanse his honor, make the Zedillo government admit the "December mistakes," and have the Attorney General's Office [PGR] exonerate him from any charges related to Colosio's assassination.

The government kept silent. The PGR collected evidence to have Raul Salinas formally arrested. Incredible. Carlos Salinas, adept at manipulating the media, politics, and negotiations, surprised Zedillo and Mexico by threatening to declare a "total fast" for "truth, honor, and dignity." The country went from one surprise to another. He took refuge in a lowly house in Monterrey, where he had planted the seed of his social work, Pronasol [National Solidarity Program]. His action lasted a few hours. Zedillo's government backed down and sent Dr. Arturo Warman Grij to ask Attorney General Antonio Lozano Gracia to acquit Salinas in public from any charges related to the assassination of the former PRI candidate for president.

Meanwhile, the PGR collected more evidence against Raul Salinas and Zedillo declared that impunity in Mexico was over. Carlos Salinas returned to his Mexico City home but not without uttering an accusation: "I am being slandered and harassed." Rumors of his leaving the country began to spread. Groundless rumors made the rounds in political circles and the editorial offices of leading newspapers. In Chihuahua, there was an attempt on Salinas' life. It was Miriam Tato, Salinas' own assistant, who angrily denied the report: "Pay no attention to those lies." The Chihuahua "accident" proved false, but not so the expulsion of the Salinas family.

On Saturday afternoon, the break became total. Carlos Salinas, wife Cecilia Occelli, sons Carlos Emiliano and Juan Cristobal, and daughter Cecilia boarded the plane that would take them to exile. People remembered Salinas' answer to journalist Samaniego: "Leave? Leave Mexico? No! Of course not! I am staying. And I am staying to fight for my honor, to establish truth and also to fight legally, so my brother can be released."

But he left.

Salinas 'Agreed Exile' in U.S.

PA1203201095 Paris AFP in Spanish 1924 GMT 12 Mar 95

[FBIS Translated Text] Mexico City, 12 Mar (AFP)—The departure of former President Carlos Salinas de Gortari is an "agreed exile" ["exilio convenido"] decided upon last Thursday at Los Pinos presidential residence, the weekly PROCESO reported on Sunday.

While government and Salinist sources remain silent on the former president's departure, the magazine noted that Salinas must live in the United States "and may not conduct any public activity" as part of the "banishment pact that was reached on 9 March at 1900 at Los Pinos."

The daily LA JORNADA stated today that Salinas, accompanied by his family, left Saturday for the United States after a Los Pinos envoy showed up at his home with a message and airline tickets in hand.

PROCESO stated that the "agreed exile" was sealed last Thursday. "The agreement was reached during a meeting of (current President) Ernesto Zedillo and Salinas de Gortari, during which the two men spoke for at least one hour," it reported.

According to the pact, the publication added, Salinas must devote himself solely to "academic endeavors." Thus concludes the "dismemberment of the Salinas family," the report emphasized.

According to press reports, Carlos Salinas departed for an "agreed exile" while his older brother Raul remains in jail charged with masterminding the assassination of pro-government politician Francisco Ruiz Massieu. Another of his brothers, Sergio, left the Morelos State Government and has received a great deal of criticism for his actions.

According to the magazine, the "orchestrators" of the former president's departure were Luis Tellez, head of the Office of the Presidency, and Agrarian Reform Secretary Arturo Warman.

Salinas said the last time he met with Zedillo was on 24 December, but PROCESO asserted that they met on 3 and 9 March.

So far there has been no reaction from the government or the "Salinist" field to this alleged "agreed exile."

PGR Evidence Shows Mario Ruiz Massieu 'Altered' Testimonies

PA1203043[illegible]95 Mexico City LA JORNADA in Spanish 9 Mar 95 p 5

[Report by Ricardo Aleman Aleman]

[FBIS Translated Text] The Office of the Attorney General (PGR) of the republic has evidence that will show that Mario Ruiz Massieu, when he was the assistant attorney general, "altered" the testimonies given by people involved in the murder of his brother, Jose Francisco, to hide the fact that Raul Salinas de Gortari was the mastermind of this crime.

Primary government sources have revealed that "during the comparison" between the testimonies that were included in the files and an (audio) recording of those same statements, they had "discovered" that the parts of the testimonies that referred to former President Carlos Salinas de Gortari's brother had been "altered or erased."

The same sources explained that the judicial authorities had discovered the tapes that contain the abovementioned evidence and will wait for Mario Ruiz Massieu to be extradited so he can explain why he did not include the references to Raul Salinas de Gortari's involvement in the case.

Mario Ruiz Massieu had to know "that the investigations on the murder of his brother, Jose Francisco, pointed to the former president's brother and what we need to know now, is on whose orders did he hide this information," the source explained.

The new hypothesis does not reject the possibility that people at the highest levels of the previous government were involved in the murder and discards the theory of "total exoneration" for former President Carlos Salinas de Gortari.

Report that Mario Ruiz Tried To Get Closer to the PRD

It has also been reported that Mario Ruiz Massieu tried to get closer to the leaders of the PRD [Party of the Democratic Revolution] a few days before he fled to the United States. This has been interpreted as a "desperate attempt" to find protection in this party.

We were not able to get the political party to confirm this report, which was obtained from police sources.

Prosecutor's Office Drops Charges Against Rubio

PA1203044095 Mexico City NOTIMEX in Spanish 0441 GMT 11 Mar 95

[FBIS Translated Text] Toluca, 10 Mar (NOTIMEX)—The Mexican Federal Prosecutor's Office withdrew today all charges against Abraham Rubio Canales as the presumed mastermind of the assassination of Jose Francisco Ruiz Massieu, the former secretary general of the ruling Institutional Revolutionary Party (PRI).

Juan Cesar Rubio Herrera, Rubio Canales' defense attorney, stated that he received the notification from a penal judge with offices in this city, located some 113 km from Mexico City. The notification said that the PGR [Attorney General's Office] dismissed the case against his client.

He pointed out that the Federal Prosecutor's Office [Ministerio Publico Federal], Special Prosecutor Pablo Chapa Bezanilla, and Attorney General Antonio Lozano Gracia signed the document presented to him.

Rubio Herrera mentioned that his client could leave the Almoloya de Juarez high-security prison in the coming days, although he would be transferred to a jail in Guerrero State, in southwestern Mexico, where a trial is pending against him on fraud charges.

As for those charges, Rubio Herrera noted that he had filed an amparo because no damages to the assets were ever registered against the Acapulco Trusteeship (Fideaca). Rubio Canales was the director of Fideaca.

Rubio Herrera stressed that the filing of that amparo was predicted four months ago, before Ruiz Massieu's assassination. However, he added that the former governor of Guerrero himself (Jose Francisco) asked that the presentation of the amparo be halted.

To this effect, the attorney emphasized that no fraud was committed against Fideaca because all of the operations were conducted based on a valid appraisal.

Ex-Security Agent Linked to Colosio Murder Arrested

PA1303034495 Mexico City NOTIMEX in Spanish 0045 GMT 13 Mar 95

[FBIS Translated Text] Mexico City, 12 Mar (NOTIMEX)—Alejandro Garcia Hinojosa, former security agent, was arrested by Mexican authorities and taken to the Almoloya high security prison as he was found to be linked to the assassination of politician Luis Donaldo Colosio, official sources reported today.

The Attorney General's Office (PGR) announced today that Garcia Hinojosa, who was a member of the "Omega" private security group, gave false testimony during the investigation of the Colosio assassination.

The politician, who was the presidential candidate of the ruling Institutional Revolutionary Party (PRI), was assassinated on 23 March 1994 at the end of a political rally in the northwestern city of Tijuana along the U.S. border.

The PGR reported in a communique that Garcia Hinojosa had declared that he had seen the confessed killer Mario Aburto fire twice at Colosio.

The special deputy prosecutor for the Colosio case demonstrated in February that the politician sustained two bullet wounds of different calibers and accused Othon Cortes of being the person who fired the second shot.

Garcia Hinojosa was a member of the "Omega" group headed by Fernando de la Sota—free on bond—who was part of the security operation during the rally in which Colosio was assassinated.

The PGR announced that the second district judge in the state of Mexico ordered a warrant for the arrest of Garcia Hinojosa, after federal authorities gathered the necessary elements that establish his alleged responsibility.

Zedillo Addresses Nation on Economic Crisis

PA1303051795 Mexico City Radio and Television Networks in Spanish 0400 GMT 13 Mar 95

[Address to the nation by President Ernesto Zedillo Ponce de Leon from the Los Pinos Presidential Palace in Mexico City on 12 March—live or recorded]

[FBIS Translated Text] Mexicans: Many thanks for welcoming me into your homes. Last Thursday, the government reported on the additional measures that we must adopt to deal with the serious economic situation that our country is experiencing. The people correctly realize that many of these measures will require a tremendous effort by everyone. Indeed, these are harsh and painful measures, yet they are temporary. For this reason, it is my duty as president to explain why we are taking them.

The economic crisis that we are experiencing is more serious than we thought early in the year. We are dealing with a crisis that, although it broke out with force in December, is the result of accumulated imbalances over several years. This does not discourage us, however. I am sure that the Mexican people will overcome these hardships and successfully meet all our challenges.

Although firm actions have been taken to confront the crisis since it broke out and these actions have forced everyone to make a great effort, the situation has continued to deteriorate. Early last week alone, the value of our currency was devalued considerably and interest rates skyrocketed. The deterioration and lack of control of exchange and financial markets poses a serious threat on jobs throughout the country.

If we do not stop and turn back the deterioration and lack of control of the past few weeks, we will be in danger of suffering a financial and production collapse that would wipe out jobs and paralyze services. This collapse would mean the loss of millions of jobs and the cancelation of the prospect of development for an entire generation of Mexicans.

I am sure that no one in Mexico wants this to happen. It is my responsibility to tackle problems with firm decisions. There are no easy or pleasant ways to correct the difficulties of our economy. Other alternatives that have been proposed to deal with the crisis, reportedly without sacrifices, would soon really have led us to unemployment and a much more serious inflation. In contrast with these alternatives, the program announced by the government constitutes the shortest path to overcome the crisis. This path demands the least possible sacrifices, although it demands a great effort.

Because we no longer can rely on the large foreign aid that we received in previous years, we can stimulate the economy only with our own resources. This is what will demand a great effort. It is true that the required effort is intensive, but it is also true that this effort will be temporary. The program includes measures that will be very difficult for everyone. The most painful aspect in the adjustment programs is higher prices and rates in the public sector and the VAT [Value Added Tax]. Surely, many of you are wondering why the government raises prices to keep inflation from rising. If the government does not raise the prices of goods and services, the government will soon run out of resources and will have to issue currency, an action that causes inflation to skyrocket. Or it will have to borrow, an action that leads to higher interest rates.

The government will further reduce its budget drastically but making sure to protect allocations for education, health, and supplies, and will stimulate the creation of more jobs. In addition, we will reinforce the savings and austerity measures throughout the government, and all those who illegally use or divert public resources will be punished severely. It has never been acceptable, and now less than ever, that the resources the people entrust to the government for management are misused or squandered. Acts of corruption can never, and now less than ever, be tolerated. To prevent this, we will enforce the law strictly.

The adjustment program also includes actions to solve or alleviate on a short-term basis some of the problems that the crisis has brought to homes and small and medium-scale enterprises. For instance, minimum general and professional wages will be raised beginning on 1 April and income taxes will be lowered for workers who earn the equivalent of between two and four minimum salaries. Fiscal benefits already approved will continue to be applied on workers who earn the equivalent of as much as two minimum salaries. Training programs for unemployed and employed workers will be stepped up.

The Social Security Institute will extend from two to six months the maternity and illness insurance benefits of unemployed workers. The government will also maintain its budget to subsidize staples such as tortillas, milk, and bread.

We will set in motion a special program to create jobs in the poorest rural areas and in the cities with the largest unemployment. We will implement a program to restructure credit debts owed by enterprises into long-term credit debts.

The credit amounts that can be restructured within the framework of this program are larger than the total amount represented by past-due bills of the commercial banks.

Thousands of small and medium-sized businesses and thousands of jobs will be saved as a result of this restructuring of debts. We will also establish mechanisms to support families that have mortgages with commercial banks.

The next few months will be the most difficult ones. During the second half of the year, the worst will be over and we will gradually begin to notice the improvement.

Some favorable results will take place earlier. Systematic compliance with the announced measures will stop financial speculation and will help recover the trust our economy deserves.

In contrast with the alarming levels of a few days ago, our currency will recover its value in the next few weeks. Once this happens, interest rates will begin to drop.

If we fulfill the adjustment program with discipline and consistency, in a few months we will have averted the threat of a financial and production collapse. We will have an economic outlook very different from the one we have now. This economic outlook will be one of economic recovery that will give us the capability to generate employment and gradually recover the income that workers, peasants, and businessmen are failing to receive during the crisis.

Overcoming of the current financial crisis and the beginning of recovery will be intermediate steps toward sustained economic growth.

We must trust that in the next few years, we will have this growth. To reach this, our economic path must be clear as of now. This path requires fiscal and monetary discipline, national savings like never before, so that we do not unduly come to depend on foreign resources; the development of productive sectors, especially the countryside and the small enterprises; and encouragement for national and foreign private investments. It requires the promotion of exports to generate more jobs. This can be done by better taking advantage of our new links with international markets.

This path includes the strengthening of social policies so that all Mexicans may have adequate quality education, better health, and other basic services.

This is the path for generating jobs and resources that will allow us to overcome backwardness and injustice. Our country has a good potential for development, but full development requires that we turn Mexico into a country that fully respects the law and the strengthening of our democracy.

Progress and social peace are possible only within a genuine state of law. The law is binding for everyone, and nobody, absolutely nobody, can be above the law. The cases of impunity, which have been the result of abuse of power, misuse of authority, and corruption have caused much damage to the nation. It is our obligation to apply the law without exception.

From the first day of my six-year term we have worked so that the law is the norm of social coexistence. We have secured a most important constitutional reform. There are already solid bases for a more efficient, stronger, and more capable judicial branch.

We are fulfilling our commitment not to rest until justice is done in the cases of the brutal asassinations of renowned figures of the country's public life. Nothing and nobody will weaken my decision to head the construction of an authentic state of law, as Mexicans deserve. I will do so by presiding over a Mexico of laws, within the framework of a strengthened democracy.

At the same time, we are facing major political and socioeconomic challenges. We will know how to overcome them if we unite.

We all want a new democracy and a clean political life, and we must work together to achieve these goals. We all want the problems that have worried us all to be definitively solved, and we will solve them together.

We will use the same unity we require to advance toward a healthy political life and justice in order to make efforts to forge a sound economy, an economy full of opportunities to advance. We must rest assured that we will soon overcome the crisis with these efforts and unity. We will be more in charge of our future and of a better destiny for our children with these efforts and with this unity. This is why we should all make these efforts together. Let us make them for Mexico. Good night and thank you for your attention.

Zedillo Describes Austerity Measures as 'Unavoidable'

PA1103020295 Mexico City Radio ACIR Network in Spanish 0000 GMT 11 Mar 95

[Report by Rosie Waxien; from the "Evening News Panorama" newscast]

[FBIS Translated Text] The economic adjustment program was unavoidable. There are no easy paths, but the truth is that this is a sensible, consistent, and ultimately advantageous option. This was what President Ernesto Zedillo said today while attending a dinner hosted by Coparmex [Employers Confederation of the Mexican Republic] as part of its 66th National Assembly. The president decided to attend the event this morning. No cabinet members were present.

In his first statements following the implementation of the new economic adjustment measures, Ernesto Zedillo said: We have to act with realism and without fantasies or false options. Mexicans must not resign themselves to live in an economic bottleneck, because Mexico has to grow in a firm and sustained manner.

[Begin Zedillo recording] The effort that awaits us is the only sensible, consistent, and ultimately advantageous option. No other economic model, strategy, or social system could have prevented this from happening. There is no other alternative. This is an unavoidable struggle, and we have the means to carry it out. We must act carefully and with perseverance. We will carry out our task well, and as quickly as possible. [end recording]

To advance this new effort, Ernesto Zedillo again asked for national unity. He said there are no easy reforms, adding that either all of us adopt these measures earnestly and quickly, or, he predicted, the economy will worsen.

The new economic program, he insisted, is designed to give us clear hope of increased opportunities, new jobs, and higher income. The president said that overcoming the crisis does not only require economic measures. We also need to be united and correct mistakes in our democracy, as well as to respond to the just aspirations of all Mexicans.

At Constellation Hall of a hotel on Reforma Avenue, where this Coparmex event was held, you could sense animosity, helplessness, and concern over the austerity measures adopted by the federal government. Consequently, you could also feel the coldness toward the president. In responding to one of the many requests by the new Coparmex leader, Mr. Carlos Abascal, to end impunity, Mr. Zedillo reiterated that Mexico is ruled in accordance with the law and that the application of the law and the procurement of justice are constitutionally mandated. Consequently, no deals or negotiations can be made.

[Begin Zedillo recording] Those who want to obtain exceptions or impunity while citing alleged rules of the political system are trying to ignore the fact that Mexico is a nation of institutions—a nation with a strong commitment to justice. There no longer is any more room for privileges and impunity in this nation, just as there is no longer any room for these people. [end recording]

Labor Secretary Admits Adjustments To Cause Unemployment

PA1103022595 Mexico City Radio ACIR Network in Spanish 0000 GMT 11 Mar 95

[Report by Alma Rosa Baez; from the "Evening News Panorama" newscast]

[FBIS Translated Text] Santiago Onate, secretary of labor and social welfare, acknowledged that as relates to the labor market, the economic adjustment program will result in nearly 750,000 dismissals in the next six or seven months.

The labor secretary explained that during the first two months of the year alone, more than 250,000 workers were dismissed because of the economic crisis.

During the months of January and February, the number of insured workers at the Mexican Social Security Institute [IMSS] fell by 235,000 permanent workers, which is equal to half of last year's decline.

Santiago Onate stressed the difficulty in preparing this type of forecast since the number of unemployed is expected to grow two times faster than what was recorded at the beginning of the year. He is what the labor secretary said.

[Begin Onate recording, in progress] ...critical. What can be anticipated with the implementation of this program? Considering the risks and difficulty in preparing these types of estimates since there are no fixed guidelines to follow, it can be understood that the amount of 250,000 will at least double, with all this risk this may entail, during the first phase of approximately six or seven months. These figures are somewhat excessive and add to the 1 million total unemployed that have already been recorded. [end recording]

With respect to purchasing power, Labor Secretary Onate acknowledged that during the next month wages will undergo real losses, since during the first half alone the drop in purchasing power was recorded at 1 percent, taking into consideration an inflation of more than 8 percent, and a 7-percent salary increase granted this past January.

Ministers Comment on Economic Adjustment Program

PA1103001395 Mexico City NOTIMEX in Spanish 2127 GMT 10 Mar 95

[FBIS Translated Text] Mexico City, 10 Mar (NOTIMEX)—Finance and Public Credit Secretary Guillermo Ortiz today announced that the government will continue subsidizing various staples for the next six months. In addition, he estimated that the exchange rate will be fixed at six new pesos to the dollar in 1995.

At a news conference in which he detailed the economic adjustment program he announced on Thursday, he said $3 billion (approximately $500 million) [as received] will be allocated during the first half of 1995 to subsidize tortillas, bread, and milk.

Detailing some points of the new action program designed to strengthen the Agreement of Unity To Overcome the Economic Emergency, he said this assistance will help support the country's lower income classes. He said: "The recession is being imposed not by the government program, but by the international situation."

On Thursday, the Mexican Government presented an economic program that seeks to stem the crisis the country has been experiencing since December. The program includes higher taxes, higher salaries, and a reduction in programmed public expenditures.

At the news the conference, which was also attended by Commerce Secretary Herminio Blanco, Labor Secretary Santiago Onate, and Bank of Mexico [Banxico] Governor Miguel Mancera, Ortiz said it is necessary to continue floating the peso.

Mancera, in turn, said Banxico's current international reserves total $9 billion, adding that they will serve to support the measures announced yesterday. He explained that, during the first half of 1995, interest rates will be set at 40 percent in the hope that they can be brought down in the second half of the year.

Concerning the floating of the peso, Mancera said: "This situation should not be regarded as abnormal, because some countries exist satisfactorily under similar situations."

Commerce Secretary Blanco said that under the new economic program, Mexico will become attractive to foreign investors. Nevertheless, he said it is difficult to project the amount of foreign investment that will be made in 1995. He noted that in 1994 Mexico received $8.5 billion in foreign investment. This amount represented a 60 percent increase over 1993.

Agriculture Secretary Francisco Labastida Ochoa, who also attended the news conference, said the countryside will not be allowed to bear the brunt of the economic crisis, because this sector includes 70 percent of all Mexicans who live in extreme poverty.

Government To Draw $3 Billion for Market Stabilization

PA1003183695 Mexico City NOTIMEX in Spanish 1630 GMT 10 Mar 95

[FBIS Translated Text] Mexico City, 10 Mar (NOTIMEX)—The federal government will draw $3 billion through the use of medium-term swap facilities as part of the $20 billion financial package for economic stability, it was reported today.

The Mexican Finance Secretariat stated in a communique that the resources will be used to support the stabilization of the financial markets and to pay off short-term public sector debts quoted in dollars, including Tesobonos [Treasury Bonds].

The Finance Secretariat said the amount would be managed by his secretariat and the Bank of Mexico and that it corresponds to the package approved by the Mexican and U.S. Governments on 21 February, which was approved by the Mexican Congress on 7 March.

On 21 February, the Mexican and U.S. Governments signed a financial assistance agreement for $20 billion for the stabilization of the Mexican economy.

A total of $10 billion will be granted to Mexico between now and June this year. The other $10 billion will be granted to Mexico in installments beginning in July.

Deputies 'Partially' Reject Decision To Raise Taxes

PA1303013695 Mexico City EL FINANCIERO in Spanish 10 Mar 95 p 29

[Report by Victor Gonzalez and Victor Perez]

[FBIS Translated Text] The four factions at the Chamber of Deputies have partially rejected the decision to raise taxes because, they say, such a measure would seriously harm the country's economy. The factions said that it is the government that should first make the sacrifice that all Mexicans have already made.

In an unusual occurrence, several PRI [Institutional Revolutionary Party] deputies addressed a letter to President Ernesto Zedillo asking him not to raise the VAT [Value Added Tax] and ISR [Income Tax] or at least reduce them in such a way as to keep the lower classes from suffering. They also asked that the legislative branch be consulted in preparing the measures that the national economy requires. The deputies also asked Zedillo to hold consultations on the national level so that all productive sectors can decide on the emergency measures required at this time.

The document was signed by all state coordinators and the representatives of the Finance, Planning, and Budget Commissions.

In addition, PRI deputy Humberto Roque Villanueva, president of the Chamber of Deputies' Grand Commission, advised that it is necessary to keep the economic situation from "dragging us into political and social problems and the economic crisis from polluting politics and social activities."

Roque Villanueva urged the deputies to start an in-depth analysis of the causes of the economic crisis, but in serious and responsible manner and with plenty of information. However, after talking with Zedillo, Roque Villanueva asked all those who had signed the letter rejecting the economic program to back down. Some of the deputies commented that, should they fail to heed the suggestion, they would be replaced by their alternates.

In addition, the opposition parties PAN [National Action Party], PRD [Party of the Democratic Revolution], and PT [Labor Party], demanded an end to economic agreements once and for all because, they said, the agreements have resulted only in poverty, alienation, loss of purchasing power, unemployment, and uncertainty.

The PAN, through Jorge Padilla, deputy and secretary of the Finance Commission, said that higher taxes on public property and services will be "the last straw" on the national economy, in particular because the country is "in a time of true moratorium."

PRD deputy Cuauthemoc Cardenas said that higher taxes will only aggravate the economic crisis and spark a rebellion of the popular forces because the measures drafted "by the group of technocrats that manipulate Zedillo will only increase the people's misery."

In the morning, before the session where the Bill for Dialogue, Conciliation, and Dignified Peace in Chiapas was approved, Roque Villanueva assured the PRI deputies that the financial package was approved through PRI's "honorable and conscientious participation at this difficult time when leading the country forward is most important."

PRI 'Discouragement' With Economic Program Noted

PA1103033795 Mexico City Radio ACIR Network in Spanish 0000 GMT 11 Mar 95

[From the "Evening News Panorama" newscast]

[FBIS Translated Text] The economic package annoucement has elicited plenty of reactions. The first one we will report on will be the one from the PRI [Institutional Revolutionary Party] National Executive Council. The PRI will closely watch the measures announced yesterday to overcome the economic emergency and will make sure that the adjustments protect social investment.

The PRI favors revising the country's economic model and its ties with other countries. PRI National President Maria de los Angeles Moreno said that the PRI will confront the people in this critical stage. She announced several measures that will help alleviate the effects of the emergency measures, which, she said, no one likes. She expressed her position during a ceremony to swear in Carlos Jimenez Macias as secretary general of the National Front of Organizations and Citizens. To the lengthy approval by those who endorsed the appointment was added a commentary by Deputy Alfonso Sanchez Anaya, who said that no one should be scared by the crisis, which apprehensive people and opportunists regard as a disaster. Jimenez Macias seriously disagreed with his fellow deputy saying that to hide the terribly negative impact of the crisis in the middle and lower classes would be an absurd historical and political mistake. Then he said that the PRI is not to be blamed for the discredit of inept public officials.

[Begin Jimenez Macias recording] Surprise and discouragement prevail in our fellow deputies. Because of this, we must act calmly and wisely. We cannot accept that, because of rash generalizations, the PRI has to take upon itself the discredit derived from the incompetence of public officials who sometimes do not even identify themselves with our party. [end recording]

Immediately thereafter, Maria de los Angeles Moreno agreed to talk briefly with the newsmen. She described as difficult and harsh the crisis and the directed emergency measures. These measures, she said, must be corrected and adjusted as the economic emergency is overcome. She said it is necessary to revise the economic model in light of the results obtained in this stage of the country's development.

[Begin Moreno recording] We do not like the measures. We regard them as emergency measures. No one is saying they are pleasant. In light of the results obtained in each stage of our development, we must check to see how the implemented economic model and variables have functioned. [end recording]

She also spoke about the possibility of revising NAFTA.

[Begin Moreno recording] In this context, foreign relations are also one of the variables to be revised by a country that signs agreements with the rest of the world. It would be no wonder that the country must adapt itself to development opportunities and the idiosyncrasy and culture of each country. The implementation of some of the measures will probably have to be revised. [end recording]

Nevertheless, she did not comment on the political cost that the PRI will have to pay for the economic emergency program. She also said that, to ease dissatisfaction, her party will promote an information program and practical and working measures to alleviate the impact of the economic measures. She favored using the credit's collateral package to the minimum, avoiding a larger foreign debt, protecting social investment as much as possible, promoting the emergency creation of jobs and low-price food packages, and penalizing speculation.

Speaking on this subject, Carlos Sales, president of the Senate's Finance Commission, said it is necessary to create a legislators' commission to follow up on the implementation of the emergency program. The commission would report every week on the progress because, he said, there is very little room for maneuvering. Sales, who is also a PRI senator, said that Mexico has laid everything on the table and cannot go on issuing blank checks. We cannot sit down and wait for an explanation of why things happen, he added.

PRD, PAN Reject Economic Plan; Coparmex President Comments

PA1003160795 Mexico City XEW Television Network in Spanish 0430 GMT 10 Mar 95

[Report by Susana Castaneira from the "24 Hours" newscast—passages within quotation marks recorded]

[FBIS Translated Text] The two leading political opposition parties have categorically rejected the economic plan announced today.

Porfirio Munoz Ledo, president of the PRD [Party of the Democratic Revolution], has said these measures are the most drastic that have been adopted thus far and involve an unprecedented level of dependence. Munoz Ledo has said the government should promptly redefine its economic strategy and financial relations abroad in order to prevent a further deterioration of the country's stability, and he rejected the plan on the PRD's behalf.

The National Action Party has voiced its categorical rejection of the economic plan announced by the Mexican Government today.

Coparmex [Employers Confederation of the Mexican Republic] has also voiced its view. Here is Susana Castaneira with a report:

[Castaneira] Coparmex President Antonio Sanchez Diaz de Rivera has announced that Coparmex will not sign the action program to reinforce the Agreement of Unity to Overcome the Economic Emergency:

[Sanchez Diaz de Rivera] "There are several aspects with which we do not agree [words indistinct] this will add serious problems to a situation that is already difficult."

[Castaneira] Sanchez Diaz de Rivera has said the program announced by the finance secretary is recessionary and does not meet the demands of the business sector to support the companies and foster employment:

[Sanchez Diaz de Rivera] "The government is certainly entitled, at any time, to adopt measures, and we are entitled to disagree on some of the measures that have been adopted."

[Castaneira] He has said that more than an economic plan, the finance secretary presented a plan for the government to earn more revenues by imposing more taxes:

[Sanchez Diaz de Rivera] "We believe the government could have made a bigger cut in its spending."

[Castaneira] Interviewed during the Coparmex general assembly, Sanchez Diaz de Rivera gave his opinion on the increase in the value-added tax and fuels:

[Sanchez Diaz de Rivera] "The measure is certainly a tax burden for society, and we do not agree with it."

Labor, Business Leaders React to New Economic Plan

PA1003151295 Mexico City XEW Television Network in Spanish 0430 GMT 10 Mar 95

[From the "24 Hours" newscast]

[FBIS Translated Text] Some guests at the presentation of the action program to reinforce the Unity Agreement to Overcome the Economic Emergency reacted to it at the Nafinsa [National Finance Bank] Auditorium. (Joel Mairen Lopez), leader of the Revolutionary Labor Confederation, said:

[Begin Lopez recording] We want to think the president of the republic is speaking the truth, as he told us. Second, this crisis has also forced us to be patriotic and more responsible toward our union. [end recording]

Fernando Cortina Legarreta, president of Confederation of Industrial Chambers, Concamin, said:

[Begin Cortina recording, in progress] ...economic program with very bitter measures, but measures that must, unfortunately, be implemented. In the past weeks our markets have experienced great exchange rate instability. This has demanded the establishment and the announcement of an economic program. This is how we might be able to control inflation, to ensure the exchange rate stabilizes, and thus, to secure a solid base to start growing in 1996. [end recording]

Luis German Carcoba Garcia, president of the Business Coordinating Council, said:

[Begin Carcoba recording] We tried as much as possible to avoid taxes, for example. We managed to prevent many of them but not all. We also tried to prevent increases in public spending or keep increases as low as possible. We, however, had to recognize the general situation in Mexico and seek the overall success of the program the government presented to us today. [end recording]

He added the program will save many companies, especially small and medium-sized ones.

Business Sector Backs Economic Action Plan

PA1203172895 Mexico City EL FINANCIERO in Spanish 10 Mar 95 p 37

[Paid advertisement by the Mexican Association of Insurance Companies, Mexican Businessmen's Council, National Agricultural Council, Mexican Association of Stock Brokers, Mexican Association of Bankers, Mexico City Chamber of Commerce, and National Association of Manufacturers; place and date not given]

[FBIS Translated Text] 1. The national economy is facing a delicate situation. The extreme and sudden devaluation of the currency, the significant increase in interest rates, the severe depletion of capital reserves, and the decrease in the flow of capital into the country have dealt a serious blow to the productive and financial sectors as well as to the macroeconomy.

2. Over the last few years, the nation's production sector has made an unprecedented effort to invest and modernize. This allowed its members to quickly increase their competitiveness.

3. Under the present economic circumstances of financial and exchange instability, we acknowledge that the immediate priority is to regain stability. This calls for a necessary and difficult economic adjustment that will mean sacrifices for everyone. The country must adjust to the scarcity of resources under unfavorable international conditions.

4. Within this context, the best way to protect jobs and the production sector itself is through a realistic and concurrent economic plan capable of quickly focusing on the causes of the crisis while allowing the changes that will ensure the healthy and continued recovery of our economy. Over the past few weeks, we have seen that instability creates uncertainty, which has a negative effect on the normal evolution of financial transactions. We now face the risk of regressing to a chronic state on instability.

5. The effort behind the economic plan we have examined today is proportionate to the economic crisis we are facing. It contains painful measures, which are unavoidable if we wish to overcome the crisis quickly.

6. The plan's success will depend on the joint efforts of all Mexicans doing their share. Under the circumstances, we understand the public sector's need for increased resources and the just demands of the many workers and companies who are struggling for survival.

7. The Mexican private sector is willing and determined to help in this national effort, despite the costs and sacrifices it will require. We believe that the increases in consumer prices and utility costs, as ordered by the executive branch, as well as the proposal to increase the value-added tax, are measures that will demand additional sacrifices amid an already delicate situation; therefore they should be temporary. The private sector has discussed and made proposals, some of which were taken into account in this plan. We will continue to defend other proposals that were not considered because we believe they are necessary for the healthy performance of the productive apparatus and business itself. Likewise, the business sector will promote the establishment of agreements between the production sector and the authorities to effectively promote small and intermediate enterprises on a national and regional basis, administrative deregulation, fiscal simplification, and exports, among others, in an effort to create jobs and promote productivity. Such agreements must promote domestic savings, infrastructure development, the establishment

of a simple and motivational fiscal framework, job training, and the establishment of specific mid- and long-term development policies for each sector.

8. For these reasons, we believe it necessary for all Mexicans to make this additional effort. Mexican President Ernesto Zedillo has demonstrated his willingness to correct that which hampers the nation's progress. We support the plan for Mexico.

[Signed] Luis German Carcoba Garcia, Business Coordinating Council
German Gonzalez Quintero, Confederation of National Chambers of Commerce
Fernando Cortina Lagarreta, Confederation of Industrial Chambers
Jose Luis Llamosas Portilla, Mexican Association of Insurance Companies
Antonio Del Valle Ruiz, Mexican Businessmen's Council
Jorge Mazon, National Agricultural Council
Manuel Robleda G. de Castilla, Mexican Association of Stock Brokers
Jose Madariaga Lomelin, Mexican Association of Bankers
Salvador Lopez Negrete, Mexico City Chamber of Commerce
Victor Manuel Torrones Lopez, National Association of Manufacturers

Bank of Mexico Unveils Monthly Inflation Figures

PA1303134795 Mexico City EL FINANCIERO in Spanish 10 Mar 95 p 30

[Report by Gerardo Flores]

[FBIS Translated Text] The Bank of Mexico (Banxico) reported that inflation during the month of February increased by 4.2 percent with respect to the previous month and that the price of the basic staples basket increased by 4.3 percent during the same period.

The Banxico disclosed in a communique that the annual growth of the National Consumer Price Index (INPC) was 14.31 percent in February 1994. [sentence as published]

The INPC increased 8.16 percent overall during the first two months of 1995.

The average increase in the cost of goods commonly purchased by households during the month February was mainly as result of increases in: rents; automobiles (purchase, spare parts, parking, and ownership); medical services and drugs; restaurants; bread; footwear; milk and dairy products; eggs; soap and detergent.

In addition, increases also took place in public transportation fares, cooking oil, coffee, bananas, apples, cantaloupes, watermelons, cigars, toilette paper, spices, soda water, wines and spirits, biscuits and pasta, cereals, canned goods, school materials, newspapers and magazines, canned vegetables, sugar and sweets, sea food, cosmetics, shirts, and underwear.

Of the 35 cities where cost of living information was gathered to prepare the INPC, the most significant increase were recorded in Matamoros (6.1 percent), Tijuana (6.0 percent), Monclova (5.1 percent), Mexicali (4.8 percent), Merida (4.6 percent), and Chetumal (4.6 percent).

At the same time, the cities with the lowest price increases were Monterrey (3.6 percent), Cortazar (Guanajuato 3.7 percent), Cordoba (3.8 percent), Parral (3.9 percent), Puebla (3.9 percent), Iguala (3.9 percent), and Veracruz (3.9 percent).

In February, the National Producer Price Index (INPP), excluding crude oil exports, increased by 4.4 percent compared to January, and the annual inflation rate, compared to February 1994, was 17.33.

During the first two months of 1995 the INPP increased 10.61 percent.

The increase in the INPP during February was caused by increases in the price of: cars and buses, spare parts, mining machinery, and equipment.

Likewise, there were also increases in the cost of: wood and paper products, newspapers and magazines, petrochemicals, dyes, acetylene, fertilizers, synthetic resins, drugs, cosmetics, insecticides, adhesives, pneumatic goods, plastic goods, and glass.

Other goods for which increases were recorded included: eggs, seafood, milk and dairy products, canned vegetables, manufactured goods, wine and alcohol, cigars, underwear, and footwear.

The Banxico report ends by indicating that if exported crude oil is taken into account, then the monthly increase in the INPP amounted to 4.6 percent.

Poll Assesses Zedillo's First 100 Days

PA1203182495 Mexico City REFORMA in Spanish 10 Mar 95 pp 1A, 9A

[FBIS Translated Text] The following are the results of a poll conducted by REFORMA and EL NORTE among 1,100 citizens in Mexico City, Monterrey, Guadalajara, and Puebla.

On a scale of 1 to 10, how would you rate the performance of Ernesto Zedillo for his work during the first 100 days of his administration? 6.3

How do you rate the preceding administration of Carlos Salinas de Gortari? 5.1

Rating obtained in a poll in November of 1994: 7.1

Do you approve of the way President Zedillo is handling the country? Approve: 53 percent; Disapprove: 34 percent; Don't Know: 13 percent.

How do you rate the performance of the Ernesto Zedillo administration in terms of...

	Very Good/ Good	Average	Bad/ Very Bad	Don't Know
	%	%	%	%
Honesty	42	30	18	10
Political leadership	31	25	33	11
Democracy	37	26	27	10
Handling of economy	17	21	52	10

How much success is the government having in resolving the following public issues?

	Great	Some	Little	None	Don't Know
	%	%	%	%	%
Recovery of wages	1	5	15	75	4
Foreign debt	2	6	11	74	7
Inflation	2	6	17	71	4
Fighting poverty	2	8	16	70	4
Unemployment	2	8	19	69	2
Countryside situation	3	10	18	61	8
Corruption	5	13	22	57	3
Public security	4	15	25	53	3
Pollution	3	15	28	50	4
Drug trafficking	7	14	23	49	7
Chiapas conflict	6	19	27	42	6
NAFTA	6	16	20	39	19
Education	9	27	26	32	6
PRI-Government Relations	22	17	21	28	12
Colosio case probe	14	29	25	28	4
Ruiz Massieu case	23	32	22	19	4

In his first 100 days as president, do you think his actions have prompted citizens to trust him? Actions prompted trust: 55 percent; Actions didn't prompt trust: 37 percent; Don't know: 8 percent.

How do you view the following situations as compared to one year ago?

	Improved	Same	Worse	Don't Know
	%	%	%	%
Economic	1	9	89	1
Political	16	26	52	6
Social	1	9	89	1

How do you think the following situations will be next year?

	Improved	Same	Worse	Don't Know
	%	%	%	%
Economic	35	23	29	13
Political	37	27	21	15
Social	35	29	21	15

What percentage of the current economic situation do you think can be attributed to the Salinas administration, and what percentage to the Zedillo administration: Carlos Salinas: 70 percent; Ernesto Zedillo: 30 percent.

Following the arrest of Raul Salinas de Gortari and the statements by Carlos Salinas, did your opinion of Ernesto Zedillo change for the better, the worse, or remain the same?

	%
Changed for the better	48
Remained the same	27
Changed for the worse	13
Don't know	11

What do you think President Zedillo's best accomplishment and worst error have been during his term in office?

ACCOMPLISHMENT	%
None	24
Probe into the murders of Ruiz Massieu and Colosio	17
The arrest of Raul Salinas	10
Application of law and justice	10
Uncovering the identity of Subcommander Marcos/arrest of EZLN members	7
The change in political structure	7
The economic emergency program	3
Eliminating corruption	1
Other answers	4
Don't know/did not answer	17
ERROR	%
The devaluation/economic reality	19
Lack of preparation to govern	16
The Chiapas conflict	12
None	11
Accepting the U.S. loan	8
The increase in prices	3
All	3
Other answers	2
Don't know	26

Methodology

The 1,100 surveys were conducted in the four largest metropolitan areas of the country. Thus, in Mexico City 16 boroughs of the Federal District and 15 municipalities of the Mexico State were considered. Seven urban municipalities were considered in Monterrey, four in Guadalajara, and seven in Puebla. This represents approximately 30 percent of the country's population. The sample used was proportional stratified aleatory and the margin of error is plus or minus 3 percent, considering the maximum variance. The polls were conducted in person by household. The persons interviewed were over 18, and variables of sex, age, education, and socio-economic level were considered.

NOTE: The poll was conducted on 4, 5, and 6 March. The sample was proportional stratified aleatory with a margin of error of plus or minus 3 percent at a level of confidence of 95 percent.

Fifty-seven percent of those polled in four cities of the country support the actions of the president during the first 100 days of his term.

Congress Approves Law for Dialogue, Peace in Chiapas

PA1003160495 Mexico City NOTIMEX in Spanish 0535 GMT 10 Mar 95

[FBIS Translated Text] Mexico City, 9 Mar (NOTIMEX)—Tonight, the Mexican Congress approved the Law for Dialogue, Conciliation, and Dignified Peace in Chiapas, which will allow for the laying of the groundwork to achieve a political agreement to resolve the armed conflict in this southern Mexican state.

The Chamber of Deputies, which approved the bill with a 424-seven vote and two abstentions, submitted it immediately to President Ernesto Zedillo Ponce de Leon for his signature.

Factions from the ruling Institutional Revolutionary Party (PRI), the National Action Party (PAN), and the Labor Party (PT) supported the proposal submitted by Salvador Martinez de la Roca, a deputy of the Party of the Democratic Revolution (PRD), to approve an "anticipated amnesty."

The amnesty, they added, will allow for the release of the members of the Zapatist National Liberation Army (EZLN) who have already been arrested. It was turned over to the appropriate commissions for its review.

At the conclusion of the debate, legislators from all parties agreed to recommend that President Zedillo adopt the necessary measures for the economic recovery of the most needy communities in Chiapas.

Following an eight-hour discussion and the participation of 27 speakers, the Chamber of Deputies approved the initiative sent by the Senate, the drafting of which was carried out by legislators from both chambers.

PRI Deputy Jose Castelazo has said the movement identified as the EZLN could finally decide to join the country's institutional life as a political force if things go well.

The bill, designed to initiate dialogue and attain peace in Chiapas, underwent its second and final debate this evening before becoming law following three months of consultations, interviews, and political debates conducted by the Congress of the Union.

The PRI, PAN, and PT legislators have said the law allows for dialogue between the EZLN and the federal government with the sufficient guarantees being granted for the meeting to be held without pressures.

Meanwhile, the PRD legislators expressed their uncertainty, claiming the law could be a "trap" by which the government could issue arrest warrants against the EZLN leaders once the dialogue starts, the reason why seven PRD deputies voted against the bill and two abstained.

The PRD members said the law does not specifically state amnesty will be granted to the 17 EZLN members who are under arrest. They said it is unnecessary to mention that a state of law will prevail at the negotiation site.

The special period of sessions at the Congress of the Union ended with the approval of the Law for Dialogue, Conciliation, and Dignified Peace in Chiapas.

The EZLN rose up in arms on 1 January 1994 and occupied several towns to violently demand a solution to the plight of the Indians in the southeastern state of Chiapas.

Following 10 days of clashes between the federal Army and the EZLN, the Mexican Government, headed by former President Carlos Salinas de Gortari, declared a unilateral cease-fire, which the rebels also observed.

President Ernesto Zedillo, who took office on 1 December 1994, ordered the arrest of the EZLN leaders in February of this year and instructed the Army to support the Attorney General's Office in its investigations, which forced the withdrawal of the EZLN.

Deputies Approve Bill for Dialogue, Peace in Chiapas

PA1003145695 Mexico City XEW Television Network in Spanish 0430 GMT 10 Mar 95

[From the "24 Hours" newscast]

[FBIS Translated Text] This evening, the Chamber of Deputies approved the draft Bill for Dialogue, Conciliation, and Dignified Peace in Chiapas with 424 votes infavor, seven against, and two abstentions. The legislative wings of the Institutional Revolutionary Party, the National Action Party, the Party of the Democratic Revolution [PRD], and the Workers Party of Mexico represented in the chamber announced their positions at the podium. The majority was in favor of the law. Certain PRD deputies voiced their opposition. The debate lasted more than seven hours, and 29 deputies spoke.

The law for Chiapas will be implemented after it is published in the federation's GACETA OFICIAL. The Chamber of Deputies did not make any modification to the draft.

The second special sessions were closed later on during the general congress held with the senators of the republic. The legislators will report tomorrow to President Zedillo on the results and closing of these special sessions.

Senate Leader Hails Approval of Chiapas Law, Credit Decree

PA1203163095 Mexico City UNOMASUNO in Spanish 9 Mar 95 p 6

[FBIS Translated Text] Senate leader Fernando Ortiz Arana said last night that with the approval of the Law for Dialogue, Conciliation, and Dignified Peace in Chiapas and the decree authorizing the president to obtain a $20 billion credit from the United States, the Mexican Senate confirmed that it is increasingly more a "branch of government".

In a brief interview at the end of the special session during which the aforementioned law was passed, Ortiz Arana added that the principles of concurrence and joint responsibility among branches of government were strengthened. The following is a transcript of the interview.

[UNOMASUNO] Senator, what were the results of this Senate special session?

[Ortiz] Well, the first thing I would say is that the Senate confirmed in this special session that it is increasingly more a branch of government, as our country's constitution establishes. I say this because by approving the Law for Dialogue, Conciliation, and Dignified Peace in Chiapas and the decree authorizing the federal executive to contract the credit with the United States, the principles of concurrence and joint responsibility among branches of government were strengthened. I must mention that, as far as I can remember, it was the first time in Mexico's legislative history that a joint initiative was submitted by President Ernesto Zedillo and federal deputies and senators from the four political parties represented in Congress. In my opinion, this special session clearly demonstrates the convergence of the president's and legislature's objectives and the implementation of new forms of cooperation to achieve those objectives.

[UNOMASUNO] Do you think the approval of the law effectively contributes to reestablishing dialogue in Chiapas?

[Ortiz] Well, that is the intention of the legislators of all the political parties. I am sure the approved law is a unique instrument for dialogue. The senators of the various legislative blocs are convinced the law expresses a pluralistic political resolve and establishes practical, feasible conditions to reestablish the dialogue. It is a legal instrument for dialogue. It establishes favorable conditions to make it a reality. These include respect and security for the dialogue participants. I must also add that after the approval of the law for the dialogue, Congress has increased its responsibility regarding the need to move toward a negotiated solution of the conflict.

[UNOMASUNO] Senator, does the approval of the conditions of the credit granted to our government have any special significance?

[Ortiz] Yes. In the approval of the conditions of the $20 billion credit granted to Mexico by the United States, the Senate acted in accordance with the power that Article 2 of the Revenue Law now grants it, a power which Congress has recovered. I am convinced that the conditions of that contract do not violate or harm sovereignty, and, as public opinion has found, they do not contain any hidden clauses. The credit, as you know, is essential and urgent because it is one element in returning financial stability to our economy. Thank you very much, I will not make comments on anything else. Thank you.

Commerce Director Denies U.S. Farmers' Dumping Charges

PA1203185195 Mexico City EL FINANCIERO in Spanish 10 Mar 95 p 24

[Report by Carlos Velasquez]

[FBIS Translated Text] Culiacan, Sinaloa, 9 Mar—Jose Luis Solis, director general of Secofi [Commerce and Industrial Development Secretariat] agricultural negotiations, has said that Mexico scrupulously obeys NAFTA and has never practiced dumping [previous word in English] or violated the agreement on shipping fresh vegetables to the United States.

In addition, Basilio Gatziones, president of the Commission for the Protection and Research of Vegetables, has said that the Agriculture Secretariat and Secofi are listening carefully to Florida producers' accusations in order to prepare a defense if necessary.

On 24 February, Florida vegetable growers sent the U.S. Congress a document asking the federal government to ban the entry of fresh Mexican vegetables because, they said, Mexico had been dumping following the December currency devaluation. The Floridians also accused Mexican growers of exceeding NAFTA volume quotas.

At the end of a meeting with Sinaloa growers, Solis said Florida growers are planning to review the production costs of Sinaloa farmers.

Solis said that the Florida growers have every right to go to the U.S. Congress or wherever they think it is necessary to accuse the Mexican growers, but the country has nothing to fear because it has adhered to the quotas established by NAFTA and has not practiced dumping.

He further said that the purpose of the meeting was to continue studying Sinaloa's tomato production, exchange information, and provide satisfactory answers to the Sinaloa growers' questions.

Gatziones said Mexico has not exceeded the shipment volumes established by NAFTA and that the country will continue to ship vegetables as usual.

He described the Florida growers' charge that the Mexican growers have been dumping (selling at prices below production costs) and shipping more products than allowed by NAFTA as a strategy.

Florida farmers are upset because crops were poor due to bad weather. They are now trying to undermine Mexico's products, which have replaced theirs because they are of high quality, he said. "The problem is not new. They resort to this trick every time they feel threatened, but our competitiveness is fair," he said.

Fisheries Secretary: U.S. Tuna Embargo 'Not Valid'

PA1303004395 Mexico City LA JORNADA in Spanish 10 Mar 95 p 48

[Report by Patricia Munoz and Andrea Becerril]

[FBIS Translated Text] Julia Carabias, environment, natural resources, and fisheries secretary, said yesterday that the four-year-old U.S. embargo on Mexican tuna "is not valid" because a commercial problem has been disguised with ecological arguments.

In a news conference, she said that there is "very solid" scientific and technical proof showing that the embargo is not based on ecological grounds as was originally argued when it was indicated that a large number of dolphins were being killed in tuna fishing in Mexico.

The collected information has shown that the dolphin mortality rate is 0.5 percent, an extremely low percentage, which is unique in the world. It shows that the embargo is not really based on ecological concerns but on commercial interests, so "the tuna embargo is not valid," she said.

In her opinion, efforts must be made with the U.S. Congress so the embargo will be lifted and the U.S. Marine Mammals Law will be changed to permit the sale of tuna in that market, with the use of the "Dolphin Safe" [previous two words in English] sign, which means the mammals were protected during tuna fishing.

She admitted that the embargo has had a serious effect on the country, its fishing fleet, the creation of jobs, the coastal population, and obviously, on obtaining foreign exchange. She said increases in sardine and tuna prices are being coordinated with the Commerce Secretariat and that increases in the prices of other sea products "will be set by the market. [quotation marks as published]

In another forum, Fisheries Under Secretary Carlos Camacho Gaes said with regard to the tuna embargo that there is "open willingness on the part of the U.S. Administration to obtain the required legal modification to lift the tuna embargo imposed on Mexico four years ago."

He said the Mexican Government hopes to obtain "sufficient support" in the neighboring country's Congress to finally eliminate this embargo. It is believed this might occur in mid-1995.

In this regard, Jose Velazquez, new director of the Tuna Section of the National Chamber of the Fishing Industry, explained that the tuna embargo has caused great economic harm because in addition to losing an important source of foreign exchange, there has been a 50 percent reduction in the tuna fleet and its land facilities or infrastructure.

He indicated that in the 1980's the Mexican industrialists tremendously increased their investments in the tuna sector but because production could not be maintained due to the embargo, the number of vessels, cold storage facilities, processing plants, and so on, was cut in half between 1988 and 1993.

Estimating how much revenue has not been entering the country due to the embargo, he said that close to 60,000 tons of tuna are already being exported to the U.S. and European markets, which means that between $60 million and $70 million a year have not entered the country since 1990. [sentence as published]

Jose Velazquez said this imbalance has been offset by the considerable increase in the national market. In 1980, consumption reached approximately 13,000 tons while this had increased to 117,000 tons in 1994.

He said the industry has been hit hard because in addition to the embargo, there has been no price increase since 1987. The industry is now requesting a price increase because most of the elements needed for production are imported and are paid in dollars.

Velazquez said the negotiations to obtain this price increase started when the devaluation began, but the industry is waiting for some stability in the peso to determine how much the increase should be.

Returning to the topic of the tuna embargo, Velazquez said it is hoped that "something can be achieved" between June and July 1995, because that is when the U.S. legislative body holds sessions and definitive progress might be made to lift the embargo.

El Salvador

World Bank Official Hails Economic Program

PA1303005295 San Salvador LA PRENSA GRAFICA in Spanish 11 Mar 95 p 3A

[FBIS Translated Text] The economic program promoted by the government of President Armando Calderon Sol is coherent, well-designed, and appropriate to face the great challenges of the future, such as eradicating poverty, achieving greater levels of growth, and incorporating El Salvador into the process of world globalization, Robert Lacey, head of the World Bank Central America Division, said yesterday.

"The World Bank views positively the program promoted by the government of President Calderon Sol," Lacey told LA PRENSA GRAFICA, while reporting that the international institution will offer a $250 million aid package to El Salvador over the next three years.

Lacey is part of a World Bank mission that visited El Salvador for two days to hold a series of meetings with officials from the government, private enterprise, the banking sector, and unions with the purpose of assessing the development of the economic program announced by President Calderon Sol. Among the main guidelines of the program are establishing a fixed exchange rate, reduction of tariffs, and a speedy process to modernize the state.

The World Bank expert expressed his confidence in the economic plan that is being promoted to eradicate on the one hand the levels of poverty that exist in the country and on the other to modernize the nation and incorporate it in the processes of globalization the world is currently experiencing.

"Obviously there are much better indications of economic growth than in other countries, especially if we consider the trauma the country suffered during the war in the 1980's; growth has been estimated at 4 or 5 percent in real terms, figures that are not bad at all," Lacey remarked.

Nevertheless, the expert noted that this growth is not enough to face poverty in El Salvador. "It is not bad. Salvadorans must be proud of it but it is still not enough to eradicate poverty," he stressed.

In this regard, he pointed out that the country must achieve higher levels of growth with the idea of having greater instruments that will make it possible to confront and eradicate poverty. "The economic program is aimed at achieving higher and speedier growth," Lacey explained.

"The government already has a successful policy toward foreign trade, promoting exports, and improving competitiveness, which together with what is proposed in the ecnomic program will allow the country to take off quickly," the World Bank official emphasized.

As part of the economic program, the government intends to modernize the state institutions and services, such as telecommunications, with the purpose of making them not only more efficient but also cheaper for the population. Lacey termed these measures positive and coherent.

"It implies that the Salvadoran economy will really join the world market, and all of the aforesaid aspects, particularly the modernization, improvement of public services, the tariff reduction, as well as all other measures make the program coherent and appropriate to overcome and achieve greater levels of development," the official said.

Asked whether the World Bank had assessed the program and whether the Salvadoran enterprises are ready to face the changes, Lacey affirmed categorically that "the country is prepared and the World Bank has so determined." In addition, he said that the Salvadoran companies have already achieved results regarding their process of reconversion and incorporation into world globalization processes.

As evidence of this, the official mentioned the companies St. Jack's and Hilasal, which produce high quality products at competitive prices and which are recognized worldwide.

Administration's Economic Plan Evaluated

95P20614 San Salvador PROCESO in English 8 Feb 95

[Published by the Central American University's Center for Information, Documentation, and Research; received via Internet]

[Text] Before the current government took office, a document was circulating containing the basic guidelines of its proposed economic and social policies, called "Governing Plan of ARENA, 1994-99." However, no official government plan has been issued since then, nor are there signs of any plan forthcoming in the short run, because the president himself announced that there would be no written document containing the next set of economic measures.

In this context, the recent speech by President Calderon Sol, called "Economic Platform for Social Development," showed some important signs of his government's upcoming economic tendencies, at least with regard to policies aimed at strengthening the external sector, cleaning up public finance and modernizing the public sector.

As we will see further on, the proposals contained in the president's speech represent several key changes which are worth studying. Furthermore, if we compare the proposals issued on February 2 with the original set of measures announced in late December, we can see some backpedaling in key areas, such as an increased Value-Added Tax (VAT) and tariff reductions. This has provoked some contradictory reactions among business groups; however, they have still lent their public support to the plan (although criticizing it in private).

Above and beyond the discussions around how the proposed measures were transformed between their first and second versions, it is necessary to highlight the so-called "social" nature of the president's discourse, because in practice his economic strategy is not all that encouraging for the people. Even the business sector feels that the government's proposals do not coincide with objective social needs.

The Political Platform and the Economic Proposal

Although there were basically four economic measures under discussion over the last month, the government finally eliminated one of them (the idea of increasing the VAT) and has made tariff reductions a more gradual process. The idea of setting the exchange rate at 8.75 colones to the dollar and of modernizing the State have not admitted discussion, and will be sent to the legislature for appropriate action.

Concretely, then, the measures include: setting the exchange rate at a fixed level; reducing tariffs from the 5-20 percent range to a 1-15 percent range; fighting tax evasion, particularly of income taxes and the VAT; and modernizing the State.

We must stress that setting the exchange rate clearly contradicts one of the policies of promoting exports contained in the pre-inaugural version of the plan (or electoral platform, if you will), which stated that the government will "guarantee a free exchange market and make sure there is an effective, real exchange rate." The latter presumes that the nominal exchange rate would go higher than 8.75 colones to the dollar, while the former excludes setting the rate at all.

Tariff reductions, on the other hand, are linked to the need to drop barriers to international trade, at an even faster rate than the one established at Central American presidential summits. Thus, it is worthwhile to point out that ARENA's political platform, ironically, proposed to "take a leadership role in the process of harmonizing macroeconomic policies in the Central American region."

However, it is also worth pointing out that reducing tariffs still benefits the interests of national businesses as long as subsidies are still available. The maximum tariff (15 percent) will be applied to finished products, while raw materials and capital goods will be taxed at the minimum level (1 percent). The gap between maximum and minimum tariffs will be reduced from 15 to 14 percent; however, this represents a relative triumph for the business sector, for pressure from that corner forced the process of tariff reduction to be more gradual and avoid even greater cuts.

In another area, reducing tax evasion is not necessarily good news for the most disadvantaged, because it will not necessarily imply more and better social programs; on the contrary, it will probably mean better enforcement of and dependence on the VAT, which affects consumers more than high-income business owners. In addition, fighting tax evasion will bring about higher prices for basic goods and services sold by businesses which avoided paying the VAT; now they will add it onto the top and charge the people more. As always, those who suffer the most from this type of inflation will be the lowest-income sectors.

Finally, modernizing the State, as proposed, would imply eliminating some State spending in order to "favor investment in education, health and public security." However, in the short run there will probably only be fewer public jobs following the sale of some public enterprises and downsizing of others. In addition, suggestions to modify the entitlement system sound like the State is looking for ways to reduce its involvement in pension programs for public and private-sector retirees. Thus, in a context of greater unemployment and accelerated inflation, there will probably also be a reduction in government services.

The Social Component

Taken as a whole, the measures do not necessarily indicate greater social development, except for the fact that a stabilized exchange rate might slow down inflation and help stabilize family incomes, at least relatively. Although the president's speech addressed social development as a problem, it contained no specific measures related to increased social programs and basic services such as education and health, which heretofore have been provided by the State.

Social compensation programs have been implemented via projects financed by the Social Investment Fund (FIS), which has mostly been funded by the Inter-American Development Bank (IADB). The public recently learned of yet another IADB loan to cover the next fiscal year of the FIS. As of December 1994, the FIS had executed a total of 5,067 projects for a total of 807.7 million colones, benefiting about two million people. This comes out to social spending of 403.9 colones per beneficiary (US$46.20) over a period of almost four years. The government's record in providing education and health care has been historically inadequate to meet the people's needs, as it is incapable of covering demand. Between 1991 and 1994, the government spent a total of 4,196.19 million colones on education and 881.9 million on health, for a total of 5,078.1 million colones (if we assume a national population of 5 million, this is equivalent to 250 colones -US$28.50- per person per year for health and education combined). The 1995 budget contains 1,740.9 million for education and 1,204.49 million for health. If we compare this with the spending levels of the 1991-1994 period, we can see that the FIS projects are much more limited in scope, as they add up to only 15.9 percent of the total budget for health and education.

Nevertheless, the situation of education and health leads one to question seriously how effective government action is, especially if we realize that combined spending in the two areas will amount to hardly 4.5 percent of the 1995 Gross National Product, while in 1974 it was around 6 percent. Thus, it does not take much to realize that the government's position is merely rhetoric. And the recent announcements of economic policy do nothing to suggest that the situation will change noticeably, besides the fact that prices will increase and jobs will be cut.

The Different Versions of the Plan

The most obvious weakness of the government's new economic platform is its neglect of the nation's pressing social problems. This also distances the current version from the electoral platform mentioned at the beginning of this article. Thus, concern for the poor is no longer one of the contents of the plan, but rather is presumed as an outcome of the measures. This is particularly alarming given the effects which might be expected from an economic strategy like the one proposed.

There are several issues to be resolved: How feasible will it be to maintain a set exchange rate under the current circumstances? How many national businesses will go bankrupt due to penetration in local markets by more efficient foreign companies which will take advantage of reduced tariffs? How many public jobs will be lost due to the modernization of the State? What will be the inflationary effects of better tax enforcement, particularly of the VAT? A national development plan must necessarily take into account the negative effects of economic adjustment policies on society's most vulnerable members. It is unreasonable to pretend that the people's overall welfare will improve with the measures proposed last week. Economic liberalization models need parallel measures which guarantee an adequate distribution of economic growth, preferably through higher wages.

In the nations of the Pacific Rim which had relative economic success over recent years, the decision to drop tariffs caused jobs to be lost; however, this negative was counterbalanced by incentives for businesses to produce manufactured goods for export which, in turn, led to new jobs for skilled—and better paid—labor. In the case of El Salvador, only job losses are being promoted—including in the public sector—without any concomitant measures to help create better-paid productive jobs or bring about better health and education for the labor force.

Thus, the government's latest economic proposals leave a gap between the goals of economic policies and those of social development, while raising serious questions about their potential to induce socio-economic development which is fair to all sectors.

Guatemala

De Leon Makes Plea for Fiscal Reform From Oslo

PA1203163795 Guatemala City Radio and Television Networks in Spanish 0310 GMT 10 Mar 95

[Message from President Ramiro de Leon Carpio to the Guatemalan people from Oslo, Norway; date not given—recorded]

[FBIS Translated Text] Dear Guatemalan people: I am addressing you from Oslo, Norway to express my deep concern over CACIF's [Coordinating Committee of Agricultural, Commercial, Industrial, and Financial Associations] obvious and repeated opposition to the fiscal reforms by filing unconstitutionality recourses. I am deeply concerned about the fact that certain Guatemalan entrepreneurs are reluctant to contribute to the country's development. I must admit that not all sectors share this position, but some who desire to retain their power and perhaps [words indistinct] continue to maintain positions that not only do Guatemala no good but harm the country, their own sector, and the country's democratic process.

To advance as other countries are doing, both in the economic and social fields, we must solve our fiscal situation, which is our most serious financial problem. I wish to clearly explain to the Guatemalan people the consequences of failing to support the fiscal reform.

1. Depending on whether the fiscal problem is resolved, all sectors will either benefit or be harmed. Therefore, all sectors should help. Income taxes were increased, but so was value-added tax. Everyone's cooperation is necessary so the problem doesn't drags us all into an uncontrollable financial debacle. That is why I am addressing you today.

2. The current monetary policy, which was approved by the Monetary Board, is based on approval of the fiscal reform. A different situation was to be expected beginning in 1995. If the fiscal situation is not corrected, low interest rates cannot be guaranteed, investment through loans will be affected, the exchange rate will not remain stable, and uncertainty will be introduced. In addition, there would be spiralling inflation, which would affect social stability and, in turn, political stability.

3. Although efforts must continue to improve the revenues-expenses relationship, Guatemala's problem, as the international community knows, is not how much we spend but how much we receive as revenues. It makes no sense to try to maintain a low fiscal deficit by reducing the amounts allocated for social improvement. We would have to keep postponing investments in the countryside, something contrary to the country's priorities, because meeting the social demand to fight poverty is the most important item on the national peace agenda.

4. The government has been contracting huge internal loans to shore up tax revenues. If the fiscal reform works, the fiscal deficit could be reduced considerably and the public finances would be reorganized in 1995, thereby making it possible not to increase but to lower the internal debt, to maintain reasonable interest rates and a stable exchange rate, to adhere to the national budget, to execute projects included in this budget, and to initiate more aggressive economic programs, thus preparing for globalization and competitiveness based on a healthy financial system.

5. If, on the contrary, fiscal revenue is not increased, the government, which must not stop honoring social investment commitments, will have to increase the internal debt, an action that will disrupt the monetary, exchange, credit, and even commercial policies, because talking about tariff revision and macroeconomic stability is out of the question.

6. In addition, on an international level, a country that does not make every effort to reorganize its fiscal situation lacks international financial support. This is a limitation now that countries are preparing and making efforts to join the World Trade Organization. By the same token, the friendly countries' cooperation is curtailed because Guatemala will have shown it is incapable of making a proper contribution. We would be even less capable of requesting aid for the execution of projects. Ultimately, this international cooperation means more internal taxes. This international cooperation of friendly countries is essential now that we must work to meet the demands for peace.

7. If public finances are not reorganized, there will be no economic stability. We must keep in mind that this stability is essential for political stability. Therefore, any action aimed at hampering the fiscal reform undermines the country's political stability. The Guatemalan people should bear very clearly in mind that the true problem is not legal formalities but political stability, as it was determined by the Congress.

8. Another important factor is that we Guatemalans should fight impunity, which is present at all levels. Why not punish tax evasion if anyone who commits a crime can be punished? If we want justice, we should not seek privileges. If a crime is committed, the law must be enforced. If we obey the law, what reason do we have to worry?

Finally, I wish to tell the Guatemalan people that the Executive and Legislative Branches have taken upon themselves a historic responsibility before the Guatemalan people by approving the fiscal reform. This is unprecedented because it was approved not to favor or harm any one sector or person but to solve a problem of the country. Therefore, as president of the Republic, and speaking from Oslo, where I am working for Guatemala, I invite all Guatemalan entrepreneurs who have not realized that ours is not the country it was 20 years ago, that the country requires a different point of view to advance toward economic and social development for everyone, not just for some, to see that it is truly too bad that while some of us make every effort, work, and risk our necks to construct peace, others are busy raising obstacles against this purpose.

Thank you.

Armed Forces Regret Exclusion From U.S. Training Program

PA1303004995 Mexico City NOTIMEX in Spanish 2112 GMT 11 Mar 95

[FBIS Translated Excerpt] Guatemala City, 11 Mar (NOTIMEX)—The Guatemalan Armed Forces today regretted the U.S. Government decision to exclude them from training programs in view of the little progress in the field of human rights in that country.

The U.S. Embassy in Guatemala on Friday [10 March] released a report by the U.S. Department of State after concluding a "review of its policies to promote democracy, protect human rights, and further peace in Guatemala. [no closing quotation mark as received]

The review led to the suspension for the remainder of 1995 of the participation by Guatemalan military personnel in the International Education and Training Programs (IMET) in the United States.

Colonel Morris De Leon, chief of the Army's Information and Press Department (DIDE), today said the exclusion of Guatemalan servicemen from U.S. training exercises was unfair. "The Army can only regret the suspension of the U.S. education and training program that involves Guatemalan Armed Forces officers, De Leon said in remarks to reporters. [no closing quotation mark as received] In addition, the Guatemalan Armed Forces denied U.S. media reports that Guatemalan officers were involved in the 1994 murder of Constitutionality Court Chief Justice Epaminondas Gonzalez. The Army spokesman denied Guatemalan soldiers have anything to do with the 1 April 1994 attack in which Gonzalez lost his life.

He termed the charge as a "fantasy" and added "that is one of the publicity ploys the rebels (Guatemalan National Revolutionary Unity—URNG) use to discredit the Guatemalan Army." Col. De Leon affirmed that "it is totally illogical" to link the Army to Gonzalez' murder, as the police conducted an exhaustive inquiry, and the military was never mentioned in connection with it.

According to a report by THE WALL STREET JOURNAL, Guatemalan soldiers involved in drug trafficking are implicated in the Gonzalez murder.

The Constitutionality Court president had allowed the extradition to the United States of Colonel Carlos Ochoa Ruiz, who had been accused of smuggling half a ton of cocaine into that country, the newspaper recalled. [passage omitted]

Nicaragua

FSLN Position on Constitutional Reform

PA1103123095 Managua BARRICADA in Spanish 9 Mar 95 p 7

[Statement entitled "The FSLN's Position on Constitutional Reform"; place and date not given]

[FBIS Translated Text] The Sandinist National Liberation Front [FSLN], in view of the crisis created by the Executive and the Legislative Branches regarding *constitutional reform*, hereby reports its position on this national problem that affects us all.

1. During an assembly held on 23 August 1993, the FSLN eagerly endorsed *constitutional reform* and pointed out the fundamental issues that the reform should address. Basically, these are improvement of the democratic system and the defense of the nation and the people. The FSLN advised that a consensus among the various social, political, and economic sectors, as well as among all state branches, is essential for successful *constitutional reform*.

2. Nevertheless, the debate on the *reform* and its components was obscured by current political interests, such as the dispute between the Legislative and the Executive Branches.

3. At the National Assembly, a group of deputies who quit the FSLN joined UNO [National Opposition Union] and UDC [Christian Democratic Union] in a *rightist alliance* aimed at imposing the reform. To achieve this purpose, they used undemocratic methods which the FSLN questioned because they run contrary to the *National Assembly's statutes and regulations* and, consequently, *Article 192 of the Political Constitution*. In addition, they failed to undertake a broad consultation with the people as it was done before the 1987 *Constitution* was promulgated.

4. It was the intransigence of the deputies who quit the FSLN and chose a rightist alliance instead which kept the fundamental aspects of the Sandinist Assembly resolution from being incorporated into the *reform*. Under these new circumstances and although they were a minority, the FSLN deputies succeeded in having the following proposals incorporated into the *reform*:
a) Abolishing the Military Patriotic Service.
b) Eliminating confiscations.
c) Declaring that only the National Assembly can approve taxes.
d) Establishing the right of asylum for foreigners who struggle for democracy and social justice.
e) Allocating 6 percent of the budget for universities.
f) Prohibiting the establishment of military bases and the passage of foreign troops through the national territory.
g) Incorporating the Autonomous Regions of the Atlantic Coast into the Constitution.

5. Regarding the nature of the approved *reforms*, we, the FSLN deputies, think that the rightist alliance rejected the fundamental points and proposals of national and popular interest because the group of deputies who quit the FSLN made concessions to UNO and UDC against popular opinion so they could obtain the votes that would ensure the approval of the items they were interested in for political reasons.

For instance, the group of deputies who resigned from the FSLN and formed the Rightist Alliance [Alianza Derechista] accepted eight of the nine points presented by the UNO. That explains it. The points that the Sandinist Assembly recommended were not included in the *Constitutional Reforms*.

These points that were not included in the *Reforms* because of the Rightist Alliance and that adversely affect the people's interests are, among others, as follows:

A. Free health services. The reforms eliminated the Nicaraguans' universal right to have access to health services, making it free for vulnerable sectors only, which is a demagogic argument used to justify the privatization of health services.

B. The full gratuitousness of education. The FSLN bloc's proposal, which was approved in the first legislature, to have free elementary and secondary education did not allow interpretations that would do away with this provision. However, the addendum appended in the second legislature at the request of the Education Ministry—namely, "without prejudice for the voluntary contributions that parents may make"—left the doors open to the levying of taxes on public schools under the pretense of allegedly consulting with the parents.

C. The guarantees of the properties owned by those Nicaraguans whom the Agrarian and Urban Reforms Laws benefited. The FSLN deputies' proposal to grant constitutional guarantee to all Nicaraguans whom these laws benefited was rejected by the two legislatures. Likewise, those people who retired from the Armed Forces and the resistence and whom this government benefited were excluded from this protection.

However, they demagogically approved an abstract acknowledgment of the many types of properties, which is nothing new because it was included in the 1987 *Political Constitution*.

D. The Participatory Democracy. The participation of civilian society in the decisionmaking process involving the many social sectors was limited. For instance, health and education workers were not constitutionally guaranteed the right to influence the drafting of policies in their two institutions. The people's participative exercise in local government was also lessened as the powers of the Municipal Councils were curtailed, which is a step backward in the participatory democracy guaranteed by the 1987 *Constitution*.

E. The role of the state in the definitive, democratic, and participative planning. As this principle that the FSLN deputies had proposed and that the first legislature approved was eliminated, the rightist deputies have left it up to "wild capitalism" to be the exclusive decision-maker on major economic policies, leading to the unfortunate results of irrational exploitation of natural resources and anarchic economic development, thus failing to protect or develop national production.

F. The system to elect the president and vice president of the Republic. They included the two-round elections system to do away with the people's sovereign decision made in the first-round election. The *Reform* that forces smaller parties to sell themselves to the best bidder in the runoff elections in exchange for public posts, political sinecure, and power sharing was imposed, thus prostituting the exercise of democracy and flouting the people's determination.

The second round will also negatively affect the people because they are the ones who will have to pay the costs of another electoral process.

G. Balance between government branches. The approved *reforms* diregard the independence of the Judicial and the Electoral Branches because the legislature is claiming the power to appoint and dismiss magistrates in both branches, which leaves it up to the exclusive whim of the deputies, with the evident risk of political manipulation. Likewise, it has assumed several powers that are clearly the competence of and are, thus, ascribed to the Executive Branch, for example, the organization of the government.

This means that the Assembly is giving itself powers that subordinate the independence, organization, and operation of other government branches.

Likewise, the *reform* decreases municipal autonomy when it refuses to approve the FSLN bloc's proposal to assign 8 percent of the *General Budget of the Republic* to the municipalities. Abuse of power, arrogance, corruption, and impunity is encouraged when the reform establishes that mayors will be elected directly and for a fixed period of time.

6. The FSLN proposed that the *Constitutional Reforms* be based on a true national agreement that is broad, democratic and participatory. This will ensure its legitimacy and will offer Nicaraguan society peace, tranquility, political stability, and the strengthening of its democratic institutions.

However, the arrogance of the National Assembly, which is dominated by the rightist alliance, to impose itself over the judgment of many and varied sectors that demanded an agreement on the issue, has triggered greater political instability in the country, an interinstitutional crisis that is unprecedented in our history, and the citizens' anxiety.

7. The FSLN bloc summons the Legislative and Executive Branches to place the interests of the Nicaraguan people before their own interests. Nicaragua needs stability, work, and development to overcome the situation of poverty endured by our people. The FSLN considers that none of the two government branches have a right to send the country to chaos and anarchy as a result of their intransigence.

8. The FSLN bloc also calls on the Supreme Court of Justice to take a stand on this conflict of branches that only brings anxiety to the citizens, discourages foreign investment and cooperation, as well as national investment. The Judicial Branch, which is also being held hostage by the political whims of the Rightist Alliance that dominates the National Assembly, must rise to the occasion demanded by the historic circumstances of our country and positively contribute to the strengthening of the democratic institutions.

9. Finally, we, the FSLN deputies, believe that any solution to this institutional crisis must take place within the framework of legality, through the endless path of dialogue, broadening the participation of all the representative social and political sectors, with the purpose of reaching a national agreement and giving our country the political stability it needs and demands. We must strengthen the institutionality of the democratic system that the FSLN built with the people of Nicaragua and that we are today determined to improve.

Panama

President Closes Meeting of OAS Drug Committee

PA1103233995 Panama City Circuito RPC Television in Spanish 2300 GMT 10 Mar 95

[From the "RPC Television News" newscast]

[FBIS Translated Text] Panama has pledged to intensify the struggle against drug trafficking and money laundering. President Ernesto Perez Balladares said at the closing ceremony of the 17th regular session of the Inter-American Committee for the Control of Drug Abuse, CICAD, that he will promote laws and drastic measures to fight this scourge. He also recognized the work done in this regard in our country.

[Begin Perez Balladares recording] Several regulations have been implemented. Some are government regulations while others are regulations by banks, which have restricted cash deposits. I am also aware of the enormous efforts by the Attorney General's Office and the Judicial Technical Police to purge their personnel. I have been witness to the courageous attitude of officials of the two institutions as well as of the Judicial Branch, the police, the Customs Directorate, and the Colon Free Zone. [end recording]

For its part, the CICAD reiterated its call to support the struggle against drug trafficking and money laundering.

[Begin CICAD Vice President Franklyn Zambrano recording] We again call for the broadest and most effective international integration to efficiently combat and reduce the increase of the drug problem. [end recording]

Experts from 29 countries, mainly OAS members, participated in the 17th regular session of the CICAD.

Government Creates Special Unit To Fight Money Laundering

PA0903193995 Panama City LA PRENSA in Spanish 8 Mar 95 p 1

[Report by Jose Otero]

[FBIS Translated Text] Attorney General Jose Antonio Sossa announced that the government has formed a "special unit" to fight money laundering originating from drug trafficking and that there are plans to execute a national program to control increasing drug consumption in the country.

The attorney general made the statements yesterday at the opening of the 17th regular session of the OAS Inter-American Committee for the Control of Drugs and Drug Abuse (CICAD), made up of 29 countries. The session is scheduled to conclude on 10 March.

Sossa, who was appointed president of the hemispheric summit, stressed that "money laundering is one of the greatest and most powerful enemies faced by society, particularly by the Panamanian banking system, which is why we must meet this scourge with an iron hand."

He explained that the recently created special unit will be given equipment, a budget, and trained personnel. Its main responsibility will be to analyze and evaluate all information related to the country's economic activity.

The attorney general also highlighted that this unit will also support judicial and administrative authorities regarding analyses of information on money laundering crimes originating from drug trafficking.

Likewise, there are plans to strengthen and extend the role of the National Banking Commission [CBN] as a coordinating body to prevent and oversee money laundering within the financial community, Sossa emphasized.

The national program against drug consumption includes furnishing the Attorney General's Office with a sufficient budget to create district attorney offices and drug secretariats as operational and specialized bodies.

Attorney General Sossa indicated that the government also intends to create a special division within the Technical Judicial Police (PTJ) that is adequately equipped and qualified to prepare a drug trafficking and money laundering investigation training program for police agents.

In addition, the government intends to use resources seized in drug related crimes, in accordance with Law 13 of 1994, to create a fund to promote prevention, rehabilitation, and programs against drug trafficking.

The attorney general said the program will be implemented in six months and that the government expects better results than those attained in 1994, when nearly 12 tons of drugs were seized and more than 1,700 persons arrested for drug-related crimes.

Official: No Proposal To Renegotiate Treaties Received

PA1203020195 Panama City Circuito RPC Television in Spanish 2300 GMT 10 Mar 95

[Report by Alvaro Alvarado; from the "RPC Television News" newscast]

[FBIS Translated Text] Panama has not received any proposal from the United States to renegotiate the Canal Treaties. The LA PRENSA newspaper published today a report that reveals that the U.S. Government is interested in maintaining a military presence in Panama after the year 2000. According to this report, the U.S. Congress is considering a resolution to recommend that negotiations to this effect be initiated.

[Begin Carlos Lopez Guevara, senior adviser to the foreign minister on the treaty negotiations, recording] I do not know anything about this. They are isolated sectors in the United States. There is nothing official on this. [end recording]

The United States has not yet presented a proposal. However, sources close to the U.S. Government have stated that its authorities are interested in continuing to hold areas such as Howard, Rodman, and Sherman in the Atlantic.

[Begin Lopez Guevara recording] What is now being said is that they want to hold those areas to use them in the fight against drug trafficking. The struggle against drug trafficking is not a military one; it is a police activity. So, why should we pay a political price by continuing to have a U.S. military presence here? [end recording]

Former Foreign Minister Lopez Guevara warned that Panamanians have the ability to turn those military bases into productive areas that will generate more jobs than the ones that exist today.

[Begin Lopez Guevara recording] What is important is that the strategic objective of all the generations of Panamanians was to end the Hay-Bunau-Varilla Treaty and all its amendments and the military presence in our country. This is guaranteed in the treaties and a fixed date has been set for this. The U.S. military presence in

Panama ends on 31 December 1999, and the Panama Canal will also turned over to us at that time. [end recording]

Ambassador: 'Premature' To Discuss Renegotiation

PA1103230195 Panama City Circuito RPC Television in Spanish 2300 GMT 10 Mar 95

[From the "RPC Television News" newscast]

[FBIS Translated Text] Ricardo Alberto Arias, Panamanian ambassador to the United States, has told RPC it is premature to speak about the renegotiation of the U.S. military presence in Panama. Ambassador Arias' opinion is based on the fact that the proposal for a renegotiation of the presence of the bases in Panama is being discussed in a hemispheric affairs subcommittee of the U.S. House Foreign Affairs Committee. If it is passed by the House, it must then go to the Senate. If it is approved there, it would only be a suggestion.

[Begin recording] [Arias] This is a topic that is under consideration in the House of Representatives. In order to be approved, it must also be passed by the Senate. In the end, it would be a, let us say, recommendation that would be made to the government.

[Correspondent Mara Rivera] Can the government reject that recommendation?

[Arias] Of course, the government is not forced to accept recommendations by Congress. The general climate of the meeting was that the United States should propose to Panama the possibility of a negotiation on the possible establishment of military bases in Panama after the year 2000. [end recording]

Ambassador Arias explained that there is no specific time for something definite to come out of this. Several months could pass before anything happens.

Assembly President: Renegotiation 'Not Possible'

PA1203231895 Panama City EL SIGLO in Spanish 11 Mar 95 p 30

[Report by Yuriela Sagel]

[FBIS Translated Excerpt] A renegotiation of the military bases is not possible at this time, and the provisions of the Torrijos-Carter Treaties must be fulfilled, Legislative Assembly President Balbina Herrera said yesterday.

Herrera stressed that the next government could renegotiate the military bases under different conditions, but not before the year 2000, when the Torrijos-Carter Treaties expire.

Herrera highlighted that the Panamanian Government has to fulfill the provisions of the Torrijos-Carter Treaties, adding that later, when the Panamanian Government owns everything, if the United States wants to have some areas of the country, there will be different conditions for renegotiation.

Legislator Herrera reiterated that for Torrijists it is indispensable that the spirit of the Torrijos-Carter Canal Treaties be fully observed.

The renegotiation of the bases and other areas the United States may want to maintain under its control will have to be made under completely different economic conditions. [passage omitted]

Until now, both the governments of Bill Clinton and Perez Balladares have not issued any official pronouncement on the possibility of renegotiating the Canal Treaties.

Recently, Foreign Minister Gabriel Lewis Galindo stated that the U.S. Government has made no proposal to renegotiate the Torrijos-Carter Treaties, adding that this was not the intention of the current administration.

Perez Balladares Justifies Universalization Bill

PA1003135795 Panama City LA ESTRELLA DE PANAMA in Spanish 9 Mar 95 p 1

[Report by Jacqueline Clarke]

[FBIS Translated Text] Panamanian President Ernesto Perez Balladares said yesterday that the debate on the Production Tax Incentives Universalization Bill "will not last forever" because in the end nothing will be accomplished.

In his speech at the inauguration of Expocomer 95 at the Atlapa Convention Center, Perez Balladares said that "because Panama has been lagging behind for many years in terms of modernization, we cannot continue wasting time on useless debate."

Perez Balladares added that as long as the dialogue is fruitful and concerted proposals are set forth, no effort to achieve solutions by consent will be spared.

The president said that the universalization bill has been discredited by its opponents, who have not measured its scope or suggested ways of improving it.

The Association of Panamanian Industrialists (SIP), the Association of Colon Free Zone Users (AUZLC), the Panamanian Exporters Association (APEX), the National Association of Panamanian Poultry Farmers (ANAVIP), and other business organizations have opposed to this universalization bill.

Perez Balladares announced to the businessmen attending Expocomer 95 that there is a joint proposal between the private sector and the government to enlarge the Atlapa facilities.

Argentina

Government 'Clearly' Denies Passage to Plutonium-Laden Ship

PY1003185195 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1427 GMT 10 Mar 95

[FBIS Translated Text] Buenos Aires, 10 Mar (NA)—Vice Foreign Minister Fernando Petrella today emphasized that the Argentine Government "does not consent, favor, or permit" the entry into Argentine territorial waters of the ship Pacific Pintail, which is carrying radioactive waste to Japan.

In this regard, Petrella reported that a note would be delivered to the Japanese ambassador, a note "in which the Argentine stance is clearly established."

Petrella emphasized: "The Foreign Ministry and the government are absolutely conscious of the importance of clearly telling the Japanese Government that the South Atlantic route will not be the customary route for this kind of shipment."

There are growing clues indicating that the ship, loaded with 14 metric tons of plutonium, might cross Cape Horn, on the southern tip of our continent, within 10 to 12 days. The ship left the French port of Cherbourg on 23 February.

Yesterday the ship was still in northern Brazil, near the city of Salvador.

Afterwards, the ship suddenly changed its course to the southwest, as reported by the Solo crew. The ship Solo, which belongs to Greenpeace, is closely following the Pacific Pintail's trail. The Pacific Pintail's sudden change of course has increased the possibility that the ship, with its deadly cargo, is navigating through Cape Horn.

In remarks to a radio station, Petrella explained: "The ship is not passing through the Panama Canal because it is not a natural channel and is subject to a special standard, by which the owners or franchisers are entitled to either allow or not allow a ship to pass through."

Petrella noted: "It is not possible to compare passing through that canal with navigating on the high seas in the South Atlantic. The South Atlantic is a zone for free navigation. In other words, there is no way, right, or legal argument preventing a ship from navigating on the high seas."

Petrella emphasized: "As it already did in 1992 with the Akatsuki Maru (a ship that carried radioactive material, prompting a joint Argentine-Chilean protest), and now with the Pacific Pintail, the Argentine Government has clearly told Japan that it does not consent, favor, or permit the entry of the ship into its territorial waters."

Petrella also noted that "the only standard" to which it is possible to resort in this type of situation "is the UN Law of the Sea Convention," a standard that "defines a state's territorial waters with respect to those into which a ship will not be authorized to enter, except for cases of emergency or wrecks."

A possible emergency "is the argument that we have pointed out to the Japanese Government, and the remote possibility of an emergency is precisely the reason why we don't want this ship to navigate in South Atlantic waters," Petrella concluded.

Attitude Change Toward NPT Viewed

95SM0236A Buenos Aires LA PRENSA in Spanish 3 Mar 95 p 24

[Guest Commentary by Julio Cesar Carasales: "Non-Proliferation and the NPT"; first paragraph is LA PRENSA introduction]

[FBIS Translated Text] Despite the constant critical position of Argentine governments toward the Non-Proliferation Treaty, a change in views is now warranted.

For 25 years all Argentine governments without exception, civilian and military, authoritarian and democratic, have harshly criticized the Nuclear Non-Proliferation Treaty (NPT), concluded in 1968.

So it came as a surprise on 7 July 1994 when the Executive asked Congress to approve that instrument. The approval process was completed on 22 December with astonishing ease and speed. The opposition half-heartedly raised objections that seemed more a matter of form than the defense of strongly held convictions.

How can such a profound change in position be explained? Was Argentina wrong for a quarter of a century? Is this completely inconsistent with past attitudes, which at that time were universally supported by the entire domestic political spectrum?

The NPT's defects have not disappeared. In fact, its text may not be altered, and the reasons which from the start drew so many criticisms still remain, even reinforced by years of practical application. The NPT was primarily but not solely criticized for *legitimizing* the possession of nuclear weapons by a privileged group of five countries, while prohibiting their possession by other countries, and subjecting them to stringent controls. It imposed no serious obligation to disarm on the nuclear nations, and they have not complied even with its timid provisions, just as they have not kept their pledge of extensive technological cooperation.

With no fundamental alteration in this situation, how can such a striking change in position be justified? The answer lies basically in two areas. First of all, the international situation has changed radically in recent years, with the end of the cold war and the decline, if not disappearance, of the threat of nuclear war. Today the dangers seem to come more from the actions of some irrational government leader or terrorist groups that might gain control of a nuclear weapon. Total nonproliferation would ensure optimum control of the destination of any nuclear weapons produced or acquired throughout the world.

Second, it is a fact that the Non-Proliferation Treaty has achieved unprecedented success in the history of disarmament agreements, and has been ratified by 166 countries. The significant countries that have still not signed can be counted on the fingers of one hand, and almost all of them have reasons explaining their position (Israel, India, and Pakistan). How can the success of a treaty that undeniably does have serious flaws be explained? There are essentially four reasons: a) constant and intense pressures from the two states which were the authors of the NPT, which combined are practically irresistible—the former Soviet Union and, above all, the United States, which has made non-proliferation one of the pillars of its foreign policy; b) the sincere fear felt by many countries of nuclear weapons proliferation, causing them to overlook the NPT's defects, as it would have been worse to have no treaty; c) the protection of the U.S. nuclear "umbrella," which some of the developed countries were given in exchange for their renunciation of the nuclear option; and d) the policy of many nations without any nuclear development, for whom membership in the NPT represented an innocuous way of *getting on the good side* of the United States.

For whatever reason, the acceptance of the NPT has become so widespread that remaining outside has become politically almost as impossible as it would have been, while acknowledging that the cases are not exactly the same, to reject the United Nations Charter, no matter how many defects or objectionable aspects it might contain. Countries as important as China, France, and South Africa, once harsh critics of the NPT, have recognized this and have recently joined the NPT regime.

For the Argentine Republic, there is another factor of vital importance: joining the NPT does not require making any additional commitments. With the Tlatelolco Treaty and the obligations contained in the bilateral agreement with Brazil, Argentina has committed itself to obligations and controls in nuclear matters which, taken as a whole, exceed those in the NPT.

Based on these highly summarized considerations, the position adopted by the Argentine authorities seems appropriate and reasonable, even though it can not have been easy to change positions taken in the past, positions that were certainly not arbitrary or without foundation.

Footnote

1. Ambassador. Author of the book "The Disarmament of the Disarmed: Argentina and the Non-Proliferation Treaty," Editorial Pleamar, 1987.

Correction on Minister Cavallo's Interpellation

PY0903214295

The following correction pertains to the item headlined "Cavallo Talks to Congress About 'Critical Economic Period,' which appears in the 9 March Latin America DAILY REPORT.

Page 37, first column, paragraph eight, first sentence, make read: ...Bank reserves total 13.669 billion pesos. He... (changing million to billion)

Paragraph nine, first sentence, make read: ...the payment of 5.2 billion pesos in interest... (changing million to billion)

Brazil

Sivam Official: Project 'Year Behind Schedule'

PY1003114495 Sao Paulo FOLHA DE SAO PAULO in Portuguese 8 Mar 95 Section 1 p 9

[Article by Gustavo Krieger]

[FBIS Translated Text] The timetable for the implementation of the Amazon Region Surveillance System (Sivam) is already a year behind schedule.

The government has not yet signed the contract with the U.S. company Raytheon, which will supply the equipment for the system.

The above information was given by Brigadier Marcos Antonio de Oliveira, chairman of the Sivam Coordinating Commission.

De Oliveira said: "The project is today at the point we should have reached by early 1994."

The government expects to sign the contracts with Raytheon and with Esca—the Brazilian company hired to manage Sivam and to develop the project control software—on 15 March.

There are still problems in negotiating the contract, most of which revolve around the dispute over who will control the Sivam operational data.

A controversial point concerns the adjustment of sensors manufactured by the Swedish company Ericcson to the Brasilia planes manufactured by the Brazilian Aeronautics Company (Embraer).

Planes equipped with sensors will be used to supplement the monitoring of the Sivam area.

Raytheon wants to adjust these sensors to the planes in its U.S.-based factory. The Brazilian Government insists on having the work done by Embraer in Brazil.

The dispute here focuses on information because the company making the adjustment of the sensors to the airplanes will absorb the Swedish technology in this area, considered to be the most advanced in the world today.

Another dispute revolves around the Sivam control software, which is considered to be the key part of the system.

Raytheon wants to impose on the Brazilian Government Canadian sofware that would be adjusted to Sivam in the United States.

The Brazilian Government insists on using the "Spring" program that was developed in Brazil and tailored especially for Sivam under Esca's coordination.

On 6 March, the government sent a letter to Raytheon noting that it will not yield on these two questions.

The delay in the Sivam timetable dates back to the selection of companies that would supply and install the equipment for the system.

The Brazilian Government found it necessary to extend the terms established for the interested consortia of companies to submit their financing proposals for Sivam.

Raytheon was chosen in July 1994, but the government could not sign the contract without first obtaining the Brazilian Senate's approval for the foreign financing needed for Sivam.

The Senate did not approve the loans until 21 December.

The government has negotiated the respective contracts with Raytheon and Esca during the past two months.

Contract To Be Signed 15 Mar

PY1003102195 Sao Paulo FOLHA DE SAO PAULO in Portuguese 9 Mar 95 Section 1 p 10

[Report by Lucas Figueiredo in Brasilia]

[FBIS Translated Excerpt] The Brazilian Government has decided to renegotiate the Sivam (Amazon Region Surveillance System) contract, which is valued at $1.4 billion (1.26 billion reals), seven days before the date set for the signing of the contract with the U.S. company Raytheon and the Brazilian company Esca.

The Sivam project was included in the package of government contracts that are to be reevaluated. In theory, Sivam should not have been included on the list of projects to be reexamined, because it involves neither a public tender nor a contract under way.

FOLHA has found out that SAE (Strategic Affairs Secretariat) has decided not to delay the signing of the contract, which has been set for 15 March. The renegotiation will be carried out after 15 March. [passage omitted]

Need for Unified Government Approach on Sivam Noted

PY1103024995 Sao Paulo GAZETA MERCANTIL in Portuguese 9 Mar 95 p 3

[Article by Eliane Cantanhede]

[FBIS Translated Text] Brasilia—President Fernando Henrique Cardoso (PSDB) [Brazilian Social Democracy Party] yesterday for the first time defended the Amazon Region Surveillance System, Sivam, which is the object of international espionage and suspicion of irregularities in the awarding of the bid. During an official briefing to the media, presidential spokesman Sergio Amaral clearly said that "the president does not accept suppositions about the Sivam," and whoever makes a charge should provide the evidence for it. As of now, the government must unify its arguments to defend the contract (which will be signed by the middle of this month), and the system itself.

For example, Strategic Affairs Secretary Ronaldo Sardenberg has phoned Planning Minister Jose Serra to inform him that he believes the Sivam project should not be reviewed on the same basis as the rest of the bids and contracts under way in the public administration.

Serra admitted that in fact there are exceptions in this $1.4 billion project because it is a matter of national interest and it involves several civilian and military ministries. However, Serra believes that the prices and figures of the project should be reviewed, but under special circumstances.

Sardenberg has a powerful argument to leave the Sivam out of the revision process: "In this case, 100 percent of the financing comes from abroad, from the Eximbank and from the consortium headed by the Raytheon Company, with an eight-year grace period. That makes a difference," Sardenberg told GAZETA MERCANTIL, as he repeated what he had told the planning minister. At any rate, his conversation with Serra, he said, was "merely a preliminary exchange of ideas, without anything having been defined."

Next week Sardenberg and Aeronautics Minister Mauro Gandra will go to the national Congress to speak about the Sivam, which is a sophisticated satellite and radar system that will make possible an historic feat in Brazil: To obtain, for the first time, more information about the Amazon region than the U.S. Government.

Besides the long process involved in choosing Raytheon to the detriment of the French company Thomson, Sardenberg says that thus far there has only been a report from THE NEW YORK TIMES and repercussions from the Brazilian media, without any other concrete or verifiable facts. "Whoever makes a charge must provide evidence," Sardenberg said. "Not even the U.S. or French governments nor any other company presented charges or complained to the Brazilian Government. Therefore, there is nothing to explain," he concluded.

Strategic Affairs Secretary on Signing of Sivam Contract

PY1103022195 Sao Paulo AGENCIA ESTADO in Portuguese 2147 GMT 10 Mar 95

[FBIS Translated Text] Sao Paulo, 10 Mar (AE)—Strategic Affairs Secretary Ronaldo Sardenberg today said he intends to sign the Amazon Region Surveillance System (Sivam) contract as soon as possible. He rejected the charges of irregular procedures in the bidding process. "There is nothing substantive in those charges. What we have heard thus far are charges by the two parties involved in the bidding, but no one presented evidence."

Sardenberg said that the only measure he adopted was to talk with his predecessor, Admiral Mario Cesar Flores. "He told me that everything was carried out with the greatest correctness," Sardenberg noted. "Since the charges were not backed by evidence, I considered that further investigations were not necessary."

On 14 March Sardenberg will speak to the Senate Foreign Affairs Committee, which is investigating the contracts, but he said he has little to add to the case. "I only became strategic affairs secretary in January," he argued. "I will clarify the contracts as much as possible." According to Sardenberg, the contracts are in the stage of final negotiation, and will be signed as soon as possible. "Brazil cannot postpone important projects," he said. "The Sivam is revolutionary because it will monitor all human activities in the Amazon region."

As long as he receives no order from President Fernando Henrique Cardoso to the contrary, Sardenberg intends to continue negotiating the contract. According to him, the Sivam project has the support of the federal government and the presidency. Sardenberg showed he is receptive to Planning Minister Jose Serra's interest in studying the contract. "If he wants to participate, it will be my pleasure," he said. "However, I believe that Minister Serra is more concerned with the issue of its funding than with the charges," he added.

As for the fact that some senators complained with regard to the figure of $1.4 billion for the project, alleging that it is possible to buy the system for a lower price, Sardenberg said categorically: "Nobody questioned that at the moment such queries should have been made, namely, when the proposals were presented," he said. "I would also like the project to cost less, but the proposals have already been decided upon."

Amazon Radar Contract To Be Reviewed, Possibly Rebid

BR1303160995 Paris LA TRIBUNE DESFOSSES in French 13 Mar 95 p 13

[Report by Yann Le Houelleur in Sao Paulo and Olivier Provost: "Brasilia Reexamines Amazon Radar Contract"]

[FBIS Translated Text] Thomson-CSF might get another chance at the contract for the Brazilian SIVAM radar surveillance system for the Amazon which it lost to the U.S. company Raytheon. The new Brazilian Government wants to reexamine the $1.4-billion (7 billion French francs [Fr]) contract reached last December. Some people, including some in the army, even dispute the need for such a system and think the contract should be purely and simply canceled.

In any event, under the leadership of President Fernando Henrique who took office on 1 January, the Brasilia Government is going to reexamine all large contracts awarded by the previous government. The aim of this reexamination procedure, which is likely to take three to four months, is to save 15 to 20 percent on a total of Fr70 billion in contracts.

A Fr3-Billion Guarantee Over 18 Months

Raytheon will be severely disappointed because the definitive signature of the SIVAM contract was scheduled for 15 March. The Brazilian authorities want to reexamine the technical and financial aspects of the contract. According to a reliable source, Thomson's and Raytheon's offers reportedly were of equal quality.

The Americans might have won out thanks to the financing package. Thomson reportedly offered a Fr3-billion guarantee over 18 years. Raytheon, which is suspected by some to have "stolen" the French bid, is said to have offered a Fr3.5-billion export credit from the Eximbank. Some people in Brazil are now emphasizing that the U.S. proposal, taking into account interest payments over 18 years, will in the end cost $2.8 billion (Fr14 billion), i.e., twice the value of the contract.

Today Daniel Henner, Thomson's representative in Brazil, told LA TRIBUNE DESFOSSES: "It is clear that if a decision by [Brazil's] Congress brings the bidding into question, we will take part in a new call for bids." This is in answer to those who say the French had thrown in the towel, reviving the chances against Raytheon of the other European duo, the German-Italian DASA-Alenia. "We are staying in Brazil," adds Daniel Henner. "We have other projects in other military and civilian areas." He adds that for the past 20 years the Thomson-produced DACTA system has ensured the surveillance of the Amazon and that the larger-scale SIVAM was to replace it.

However, Daniel Henner also wants to dispel rumors about espionage and pressure that Thomson might have felt, including an abduction affair, which affected him directly but which took place well before the SIVAM affair, and a robbery in Thomson's Brazil offices. "I went to report it to the police. Someone stole 300 reals (Fr1,300) from us, but no computer diskette, contrary to what some had said."

The CIA took pride, however, in having contributed to the defeat of Thomson by making public a bribery attempt on the part of the French electronics firm. The Brazilian Senate has just decided to open an enquiry into this touchy aspect of the matter. Ministers and senior Brazilian military officials will soon testify.

Foreign Investments Tax Discontinued, Real 'Again Devalued'

PY1003192295 Rio de Janeiro Rede Globo Television in Portuguese 1615 GMT 10 Mar 95

[FBIS Translated Excerpt] The Central Bank [BC] today once again devalued the real [R] and issued a package of measures to stem both the dollar rise and the flight of capital.

Finance Minister Pedro Malan today said that the measures are designed to make it quite clear that the government will not tolerate any speculation with the dollar, and that it has sufficient reserves to wrestle with the market.

The BC has decided to discontinue application of the Financial Operations Tax, IOF, to foreign investments in Brazilian stock exchanges. Earlier, the IOF applicable to these investments stood at 1 percent. The IOF applicable to money raised abroad has also dropped from 7 to 0 percent. The tax rate on foreign money invested in variable income funds has dropped from 9 to 5 percent. The deadline for bringing to Brazil the money raised abroad has dropped from 540 to 90 days.

In an attempt to stop the outflow of dollars from the country, the BC decided to ban the advance payments of foreign debts.

From now on, banks may only close a business day with $5 million on hand. Anything beyond this amount will be deposited at the BC. This limit had been set earlier at $50 million.

Today, the government is beginning to auction BC and Treasury bonds so that they may serve as options for those investors who are trying to protect themselves against the variations in the dollar exchange rate. [passage omitted]

Central Bank Sets New Fluctuation Band for Dollar

PY1003155395 Sao Paulo AGENCIA ESTADO in Portuguese 1442 GMT 10 Mar 95

[Report by Carlos Franco]

[FBIS Translated Text] Brasilia, 10 Mar (AE)—The Central Bank [BC] has just issued communique No. 4492 that sets new limits for the dollar exchange system of fluctuation bands. From now on, the BC will intervene in the interbanking exchange markets for both free and floating rates following a fluctuation band mechanism that will be based on a buying floor rate of 0.88 reals [R] per dollar and a ceiling selling rate of R0.93 per dollar. The BC communique states that the BC will intervene in the interbanking exchange markets through electronic auctions whenever these floor and ceiling rates are affected by the market rates.

Band Rate To Last 'Long Time'

PY1003165595 Sao Paulo AGENCIA ESTADO in Portuguese 1504 GMT 10 Mar 95

[Report by Angela Bittencourt]

[FBIS Translated Text] Sao Paulo, 10 Mar (AE)—The new dollar exchange "band" announced by the Central Bank [BC] a few minutes ago—from 0.88 reals [R] to R0.93—is here to stay. BC President Persio Arida told AE that "this band is going to last a very, very, long time." The BC president, who is extremely straightforward, said: "The BC wanted to reach the R0.93 rate. Otherwise, we would not have held auctions on the futures market. The situation, however, remained ambiguous. Thus it has been decided that the ceiling rate will stand at R0.93. This has been my decision. I decided to put an end to any kind of ambiguity."

Finance Minister: 'No Reason for Prices to Rise'

PY1103022695 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 10 Mar 95

[Interview with Finance Minister Pedro Malan by Alexandre Garcia in Brasilia—live]

[FBIS Translated Text] [Garcia] The decision to devaluate the real in relation to the dollar, could it fuel the inflation, push prices up, increase gasoline prices? Could prices climb? How will it affect the people's pockets?

[Malan] In principle, Alexandre, there is no reason for prices to rise. When the real was moving the other way in relation to the dollar, prices did not drop. So there is no reason for them to climb now simply because the exchange rate has been corrected in the opposite direction. The government has a policy of demanding public companies to increase efficiency, reduce their costs, and it will seriously discuss any attempt to hike public utility rates without prior notice. Today's devaluation certainly does not justify any increase.

[Garcia] Not long ago we heard the Central Bank president speaking of speculators. There has been speculation. Does the Central Bank have enough power to control speculators as it did today?

[Malan] There has been speculative betting against the real, which is unacceptable for us. The Central Bank demonstrated coolness yesterday, and firmness and determination today. It demonstrated that it will attack speculation, the monetary authority will confront it with determination.

[Garcia] Can our reserves stand up to this combat?

[Malan] I think the market knows the size of our reserves and the Central Bank's possibilities of facing speculative attacks of this kind as we demonstrated today. Yesterday's bubble was clearly deflated by noon today.

[Garcia] One consequence of the financial movements this week was an increase in interest rates. Does this mean the government could pay higher interest rates and that people will also pay higher interest rates on their loans? Could the second consequence of this be a kind of recession, a drop in consumption?

[Malan] On the contrary, the interest rate rise today is strictly temporary and its basic objective is to increase the costs of those who speculated against the real throughout this week, especially yesterday. Brazil does not have a recession and unemployment problem as is happening in Mexico, like in the clip you just showed on this newscast. On the contrary, our economy is growing considerably—more than 5.7 percent in real terms in comparison with last year. Sales increased by nearly 15 percent in Sao Paulo in January in February. Our problem certainly is not recession or unemployment. On the contrary, our reality is growth and increased employment.

[Garcia] Will this episode end this week? Is there any danger of returning to the nervousness experienced this week?

[Malan] The economy is always full of ups and downs and it has its own dynamism. The speculative bubble of yesterday was clearly deflated today with the firm action of the Central Bank.

[Garcia] Thank you very much, minister.

Cardoso Praises 'Victory Against Speculation'

PY1103003195 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 10 Mar 95

[Report by Luiz Augusto Mendonca, from Planalto Palace]

[FBIS Translated Text] President Fernando Henrique Cardoso was quite satisfied with the market behavior today, and made a point of congratulating the economic team for what he called a victory against speculation. This information has just been released here at Planalto Palace by spokesman Sergio Amaral.

Amaral emphasized that the president said there is no problem with the economy, much less the second phase of the Real Plan. The president said, quote, the real is fine and will continue to be very well, unquote.

Late this afternoon, Cardoso talked with Argentine President Carlos Menem, and was happy to learn that the measures adopted by the Argentine Government have already yielded results. The Buenos Aires stock exchange registered a closing rate of almost 13 percent.

President Menem told President Carrdoso the following: I believe we turned over a leaf and we are on the right course.

PSDB President Clashes With Motta, Quits Presidency

PY1003140095 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 10 Mar 95

[FBIS Translated Text] Pimenta da Veiga, PSDB [Brazilian Social Democracy Party] president, has given up the party's presidency. He made this decision right after Communications Minister Sergio Motta confirmed that he would not give up his position as executive secretary of the party. Motta said he is only on leave of absence.

The PSDB national board, which asked Pimenta da Veiga to review his decision, will again meet on 13 March to discuss the party crisis.

Cardoso Sends New Intellectual Property Bill to Congress

PY1003134995 Sao Paulo AGENCIA ESTADO in Portuguese 2344 GMT 9 Mar 95

[FBIS Translated Text] President Fernando Henrique Cardoso today sent to Congress a new draft bill on intellectual property and on the marketing of computer programs in the country. The proposal modernizes former President Fernando Collor's old bill, which has been under scrutiny in the legislative branch since 1991. The new text, which replaces the original one, adapts it to the new rules of the Uruguay Round of the GATT talks on intellectual property. A curious thing about this bill is that its preamble was signed by Science and Technology Minister Israel Vargas in October 1994. At the time of the signing of the preamble four months ago, and while still a minister for former President Itamar Franco, Vargas—who is now President Cardoso's minister—asked Congress to urgently debate the bill.

Colombia

Defense Minister Meets Venezuelan Counterpart

PA1203034995 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 10 Mar 95

[Report by Yulima Celis; from the "Seven O'Clock Newscast"]

[FBIS Translated Text] [Announcer] Venezuelan Defense Minister Moises Orozco Graterol and Colombian Defense Minister Fernando Botero met today in Arauca. The defense ministers discussed the adoption of new measures to control the border. Here is Yulima Celis with a report:

[Celis] Contrary to what everyone believed, tension between Colombia and Venezuela escalated today. The "Seven O'Clock Newscast" learned that serious disagreements arose during the tour of the two delegations. Venezuelan Defense Minister Orozco Graterol categorically stated that Colombia was doing nothing to fight the guerrillas. During the discussion, Defense Minister Botero announced the creation of a joint commando in the eastern region.

[Begin recording] [Orozco] This proposal will be presented to the Foreign Ministry, which will examine it carefully to verify whether it is in keeping with the laws and would allow us, at any given moment, to maintain a hot pursuit and regulate this action to prevent different interpretations.

[Botero] We have recognized the heroism displayed by the Venezuelan marines, as well as the efficiency and promptness displayed by the Colombian Armed Forces and National Police regarding this case. An example of this behavior is the evidence gathered against one of the persons who set up the assault. [end recording]

'Massive' Search Bloc Operations Yield Positive Results

PA1303000695 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1800 GMT 12 Mar 95

[Report by Chelo Garcia from Cartago, Valle del Cauca Department; from the "Cripton Newscast;" passages within quotation marks are recorded]

[FBIS Translated Text] Massive operations by the Search Bloc in northern Valle Department are yielding positive results. Here is Chelo Garcia with a report:

[Garcia] The operations continued in northern Valle del Cauca Department throughout the night. General Luis Enrique Montenegro, deputy commander of the national police, remains in the area leading the 1,000 men who were deployed from their command units.

[Montenegro] "We have taken giant steps, which shows that intelligence has been strengthened and the Search Bloc, which operates nationwide [words indistinct]. We are demonstrating this with concrete results. We will disclose further results soon."

[Garcia] Several farms were searched during the night, and fixed and mobile roadblocks that were set up in Cartago, Sevilla, Roldanillo, Tulua, and Buga have not yet been lifted. The "Cripton Newscast" learned that in the coming days, more than 150 properties will be searched in both the rural and urban areas of Valle del Cauca. Over 30 secret landing strips, which were fully pinpointed as being used by drug traffickers to transport their drugs, will also be destroyed.

[Defense Minister Fernando Botero] "The public forces cannot be prohibited from entering any area of the country. Our forces have been deployed and are in control. At times, the citizens have been inconvenienced, but people have responded well because they understand that fighting against drug trafficking is a priority for the country."

[Unidentified reporter] "Will you be able to capture Gilberto and Miguel Rodriguez Orejuela soon with everything you are doing?"

[National Police Director Jose Rozo Serrano] "We are making a great effort. We are committed to this task and we have the operational and intelligence capability. Hopefully, we will be lucky."

[Reporter] "Those operations will also be extended to the coast and Santander. Thus far, 516 vehicles have been immobilized, 146 firearms and 118 VHF- and UHF-system communications radios have been seized, while 180 people have been arrested—of whom 49 had arrest warrants pending against them for different crimes—and 60 kg of drugs were seized at a roadblock in northern Valle Department. The six persons who were carrying the drugs remain in the hands of the authorities."

[Garcia] These massive and simultaneous operations basically seek to deal a blow against the structure of the various drug cartels operating in this area of the country.

Financing of Development Plan Questioned

95CA0163A Santa Fe de Bogota EL TIEMPO in Spanish 2 Mar 95 pp 1, 2B

[FBIS Translated Text] *If the government wants to carry out a plan involving 50 trillion pesos within the next four years, it will have to devise a more extensive tax reform.*

The financing of the Social Leap has come into question again. This time, the alarm was sounded by the General Accounting Office of the Republic [CGR], which warned that the government is overestimating the revenues for the next four years.

However, it also claimed that, if the Samper administration wants to keep all its commitments, it will have to make a far more intensive tax reform than the one it is considering sending to Congress.

This statement is made in a report prepared by the General Accounting Office, in which it analyzes the Development Plan for the four-year period 1995-98. Although an increase in tax rates is not proposed directly, the regulatory agency does make it clear that the reform must be more progressive, so that the sectors with higher income will pay more, and large properties will be subject to taxes.

The agency admits that the Social Leap is one of the most ambitious plans put forward in recent years, and that it has been well thought out, because it places emphasis on the social area. Nevertheless, the major obstacle lies in the funds to finance the spending, which amount to 50 trillion pesos.

The General Accounting Office of the Republic indicated that the plan gives overly optimistic estimates of the volume of tax collections. Consequently, the central government's deficit would be five percent, rather than the 3.8 percent annual figure predicted by the executive branch.

Optimistic Calculations

The government expects to collect 3 trillion pesos with the tax reform, a calculation considered too optimistic by the CGR, because it would represent a considerable increase in funds compared with those accrued with the 1992 reform, when sales and income tax rates were raised.

In addition, there may have been an overestimate of revenues coming from the decentralized sector: in other words, the surpluses that may be generated by the Institute of Social Security (ISS), the National Coffee Fund, or the petroleum sector.

If there is reliance on the funds from these two latter sectors, complications could arise with the policy to curtail revaluation, because the massive entry of foreign currency could cause a decline in dollar prices. In other words, the government would be unable to save part of this foreign exchange in foreign funds, as planned.

This is compounded by the uncertainty regarding the monies expected from privatizations, following the commitments assumed in the social pact that involve rate changes, and the reduction in other incentives for investors.

In short, the CGR is of the opinion that the financial picture for the Social Leap is unclear, and this may possibly have a serious effect on the handling of the macroeconomic policy. It claims that this could lead the government to sacrifice the country's growth, or move toward an unstable economy, in which the principal features of the plan would be impossible to implement.

Another proposal is related to curbing inflation. In this respect, it is thought that a study should be made of the possibility of carrying out a reform whereby the Bank of the Republic would not be obliged to impede the annual increase in prices as a priority goal.

The reason for this is that funds for investment could be sacrificed for the sake of attaining the inflation target.

Nevertheless, the CGR notes that one positive factor is the new policy on concerted action and planning undertaken on the national level, as well as the efforts to be expended on the health, employment, and educational sectors.

Total Investment by Sectors (1995-98) (in percent)

Infrastructure	32.4
State Administration	3.6
Agriculture and Livestock	2.7
Science and Technology	2.5
Defense and Security	1.8
Environment	1.3
Justice	0.9
Industry, Tourism	0.2

Source: National Investments Plan

Development Funds Allocated by Region

95CA0163B Santa Fe de Bogota EL TIEMPO in Spanish 2 Mar 95 pp 1, 2B

[FBIS Translated Text] The Colombian regions of Amazonia and Orinoquia would be the ones benefiting most from the transfers of funds in the Social Leap.

Considering the number of inhabitants and the basic needs unmet, the funds are sizeable because, whereas the total investment per inhabitant is 1.6 million pesos for Amazonia, it will be 1 million pesos for the west central region, and 636,000 pesos for Bogota.

This is included in the National Planning Department's document regionalizing the Development Plan funds for the next four years.

A total of 32.3 trillion pesos will be distributed to the Colombian regions. The west will retain 34.5 percent of the funds; the east central region, 25 percent; the Atlantic coast, 23 percent; Bogota, 10 percent; Orinoquia, six percent; and Amazonia, 1.5 percent.

Although the country's west and east central regions would appear to be the ones benefiting most from the distribution of funds, this is untrue, because the number of inhabitants with basic needs unmet there is greater than that in Amazonia or Orinoquia.

The distribution was made taking into account the number of inhabitants in each zone, and their basic needs.

Most of the funds, which are based on transfers and subsidy payments (for health and education), will be directed toward education, health, drinking water, culture, recreation, and sports.

Some programs, such as those for science and technology, industrial modernization, and financing for the agricultural and social sectors, were not regionalized, because they are based on policies promoted on the central level.

The regions with the lowest rates of transfers per inhabitant are Bogota, the west, and the Atlantic coast. This is due to the methodology indicating the distribution of subsidy payments.

The investment in social areas indicates the highest levels per inhabitant in Amazonia and Orinoquia, with emphasis on water, employment, health, children, and rural social investment.

The east central region is the one with the largest investment per inhabitant in the educational, cultural, sports, and recreational sectors.

Bogota will benefit from the urban social housing policy, because of the serious housing problems being experienced by the city's poorest population. The investment in housing per inhabitant will be twice the national average.

Development Plan Investments 1995-98 (trillions of pesos)

Region	Investment Amount	Percent
West	11.314	34.5
East central	8.073	25
Atlantic coast	7.409	23
Bogota	3.197	10
Orinoquia	1.474	6
Amazonia	0.816	0.5 [as published]

ANDI President on Barriers to Investment

95CA0163C Santa Fe de Bogota EL TIEMPO in Spanish 1 Mar 95 pp 1, 6B

[FBIS Translated Text] *Heavy tax burdens, legal insecurity, lack of technology, and insufficient infrastructure are discouraging the entry of foreign capital.*

The government's policy to give an incentive for foreign investment was questioned yesterday by the National Association of Industrialists (ANDI), which claimed that the picture in this area is discouraging.

The country's deficient infrastructure, the heavy tax burdens, the insecurity, both physical and legal, the excessive bureaucracy, and the manner in which commercial agreements are negotiated are some of the main obstacles to reinforcing foreign investment in the country.

This statement was made by the ANDI president, Carlos Arturo Angel, while speaking at the seminar on "Colombia and Foreign Investment," sponsored by Coinvertir [Investment Corporation of Colombia].

The association's director did not hesitate to point out that an image of Colombia not totally consistent with reality is being sold abroad, because only its favorable features are stressed, but no disadvantages are mentioned.

One of them is the uncertainty among foreign companies regarding the legal guarantees existing in the country. One example of this is Article 58 of the Constitution, which could become a factor deterring investors. It stipulates that expropriation may be made through administrative channels, whenever the law so determines. Moreover, nonindemnification may be ordered: something which, in fact, has become a confiscation.

Added to this is the discriminatory treatment involving taxes, which constitutes a genuine barrier to the entry of foreign investment. In this respect, the ANDI president noted that a system discriminating against the multinationals is the tax on remittances, as well as the war tax, currently being collected from the petroleum, gas, ferronickel, and coal industries.

Angel commented: "If we are really interested in attracting capital, let us at least offer the same treatment received by the national capital."

Excessive Bureaucracy

Another factor generating uncertainties and high costs for business firms wishing to invest in the country are the excessive bureaucratic obstacles. Examples of this are the problems relating to trademarks and patents, or to environmental permits.

Another concern is the legal insecurity, which constitutes the most obvious factor deterring the flow of international capital into the country. Business owners are not quite sure that there is compliance with the laws, or that they are stable. "Legal security is almost nonexistent in the country," remarked the association's director.

As if the preceding situation were not enough, it is compounded by the risks associated with violence and insecurity, and the lack of sufficient technological development.

Also questioned was the manner in which commercial agreements are being carried out, and clear-cut opportunities for the national industry are being sacrificed.

Hence, the association expressed its approval for the updating and restructuring of many terms of these agreements.

Private Investment

Moreover, the chairman of the National Planning Council, Clemente Forero, declared that, if the Samper administration's Social Leap is to succeed, it will need decided support from the private sector.

During the next four years, funds exceeding 10.5 trillion pesos will be required.

Of that amount, the largest investments will be directed toward petroleum, roadways, and gas.

Ecuador

Duran-Ballen Warmly Welcomed in Loja Province

PA1103011695 Quito Voz de los Andes in Spanish 2300 GMT 10 Mar 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] We have a report from Loja stating that virtually all of Loja City and Loja Province went out to extend a warm greeting to the national government headed by Sixto Duran-Ballen and to the Armed Forces for its heroic efforts in defense of Ecuador's sovereignty.

Despite the persistent drizzle that started early today, all of the social, economic, cultural, political, and religious sectors, students, artisans, laborers, peasants, and housewives crowded the streets to form a human cordon and welcome the president.

President Duran-Ballen had planned to address the people of Loja from the balcony of the Central Bank Museum, across from Central Park.

Upon his arrival at Catamayo Airport, the president was greeted by top provincial authorities, led by Governor Vinicio Suarez Bermeo, and by dignataries from Catamayo Canton who, with the residents of that jurisdiction, extended a warm welcome to the president.

Later on the president plans to visit the city of Zamora, where he will follow an important civic-patriotic schedule that has been prepared by the authorities.

Speaks on Conflict at Loja Rally

PA1103200295 Quito Voz de los Andes in Spanish 1730 GMT 11 Mar 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Ecuadoran President Sixto Duran-Ballen made a brief statement at the end of yesterday's impressive civic rally called Loja for the Fatherland. The president said that observers from the guarantor countries are arriving in the country to verify that the cease-fire is being observed by the Peruvian and Ecuadoran Armed Forces. He stressed that, on behalf of the Ecuadoran people, he has maintained the position that the Rio Protocol cannot be executed. This position was adopted by President Galo Plaza Lasso on 10 August 1951, shortly after the true geographic situation was discovered.

President Duran-Ballen also said in Loja: We have won the first phase of the armed conflict, maintaining our positions at dozens of sites in eastern Ecuador, where the Ecuadoran soldier accepted my challenge not to take one step backward. The president recognized that the people received a response not only from the members of the Armed Forces but also from the country's political sectors, which gave their support to the national government and the Armed Forces. He added: Not one step backward became an order. Even the youngest soldier on the border felt he could not turn back and that he had to fulfill the president's interpretation of the will of 11 million Ecuadoreans.

The president emphasized the Foreign Ministry's efforts to find a dignified solution for Ecuador and to convince Peru to agree to a cease-fire at the Montevideo meeting. The president said Foreign Minister Galo Leoro Franco did not attend the rally because he is traveling to Washington today to meet with representatives of one of the four guarantor countries.

President Sixto Duran-Ballen said one phase has been completed, but added: I hope we will find a definitive solution during my term without sacrificing or yielding territory. I hope this solution, through the four guarantors, the international organizations, and the mediators, justly resolves a problem that we did not create. He said it is a problem created by the impossibility of executing a protocol imposed on us, and a problem that is due to the intransigence of Peru, which one day forgot that its president had called for a transformation of tanks and weapons into tractors and tools and attacked Ecuadoran border posts.

The president recalled that all military actions have taken place in Ecuadoran territory. Not a single one has been in Peruvian territory, because the Ecuadoran Armed Forces acted with the utmost caution. It never attacked, maintained the position that they were being attacked, and always did so without taking one step backward, the president said at the Loja civic rally.

Procedural Document Clears Way for Observers' Arrival

PA1103011495 Quito Voz de los Andes in Spanish 2300 GMT 10 Mar 95

[Report by Cesar Correa and Lorena Escobar; from "The Voz Andes Newscast"]

[FBIS Translated Text] A few minutes ago, Ecuadoran Foreign Minister Galo Leoro Franco announced a new procedural document has been signed for the observers who will arrive in the disputed zone between Ecuador and Peru.

The signing of this document was the only impediment hindering the arrival of military observers from the United States, Brazil, Argentina, and Chile to confirm the cease-fire and proceed with the demilitarization process.

Foreign Minister Leoro Franco had previously expressed the hope that the observers would arrive this weekend. Nevertheless, he said this does not depend solely on the Ecuadoran Government, but also on the circumstances under which the document is signed and, of course, on the climate.

Leoro said Ecuadoran troops will withdraw from their positions in the border region as long as the necessary guarantees are given for them to return once the observers fulfill their mission. We are not going to abandon these positions, Leoro Franco said, adding that the delay in the signing of the procedural document was prompted by a change in the 21 February draft document to which had Ecuador agreed. On 6 March, however, the document was found to contain some arrangements that were not in line with the terms of the Itamaraty peace agreement.

Leoro Franco said the signing of this document is essential to the observer mission, which must have identical rules for dealing with both nations. Otherwise, they might perform one kind of task in Ecuador and a completely different one in Peru.

Leoro stressed that the permanent observers must remain in the disputed zone for the period established in the agreement, which will guarantee peace along the border.

Foreign Ministry: Observer Mission To Arrive 12 Mar

PA1203013695 Quito Voz de Los Andes in Spanish 2330 GMT 11 Mar 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] The Ecuadoran Foreign Ministry announced that a permanent observers mission will be arriving in Quito on Sunday to begin the demilitarization process at the border with Peru, which during a six-week period was the site of bloody fighting between the two nations.

The mission, which includes representatives from Brazil, Chile, Argentina, and the United States, will be arriving at 1100 hours in Cuenca, 470 km south of Quito, and will be traveling afterward to the conflict zone.

The observers mission was announced a few hours after both nations agreed on the process of demilitarization of the conflict zone, a procedure which the administration of President Sixto Duran-Ballen believes is of utmost importance.

A Foreign Ministry spokesperson explained that if the process is not carried out in an adequate manner, Ecuador could lose in a few hours the same territory it protected with blood during the conflict.

The cease-fire is currently being supervised by a provisional team of observers that include military attaches and civilian personnel from the embassies of the four mediating nations in Lima and Quito.

The provisional team, currently at Peruvian and Ecuadoran sites in the conflict zone, has so far been able to guarantee the reduction of hostilities to a minimum.

Ecuadoran analysts have pointed out that only the permanent presence of the international observers will guarantee a solution to the conflict.

Joint Chiefs of Staff Chairman Welcomes Observers

PA1203224995 Madrid EFE in Spanish 1951 GMT 12 Mar 95

[FBIS Translated Text] Patuca (Ecuador), 12 Mar (EFE)—General Paco Moncayo, chairman of the Ecuadoran Joint Chiefs of Staff, today welcomed the international observers of the Ecuadoran-Peruvian conflict to the hamlet of Patuca.

Moncayo, Ecuadoran Ambassador Diego Rivadeneira, and the military attaches of the Argentine, Brazilian, Chilean, and U.S. Embassies headed the delegation that welcomed the observers to Patuca around 1415 hours (1915 GMT).

The delegation of observers from these four nations, which are the guarantor countries of two recent cease-fire agreements and the 1942 Ecuadoran-Peruvian border treaty, arrived in Patuca from the Ecuadoran city of Cuenca, where they arrived today from Peru.

Brazilian Gen. Candido Vargas de Freire and another 60 people (25 observers and 35 "support" associates) met at the "Condor Jungle Brigade" in Patuca with Ecuadoran military and diplomatic authorities and the members of the delegation of "provisional observers" from the four guarantor countries.

The "provisional observers," who followed the "advance team" from the guarantor countries, fulfilled their task of closely supervising until today the compliance with the cease-fire, a cease-fire that the two parties have "faithfully" complied with since 28 February, according to the statements they made.

In Patuca, located approximately 50 kilometers north of the battle front, the delegation of "permanent observers" planned the subsequent movement of their members to the area of combat itself. The confrontations took place between 26 January and 28 February.

Ambassador Rivadeneira told EFE that "the permanent observers will obviously not leave for that area today; they will coordinate when they will leave."

The observers will supervise the separation of forces, the demobilization, and the demilitarization of the confrontation area in the jungle for the next 90 days, a period of time that could be extended to up to 150 days, if they deem it necessary.

Defense Minister Denies Reports on Arms Purchases

PA1003212795 Madrid EFE in Spanish 1849 GMT 10 Mar 95

[FBIS Translated Text] Quito, 10 Mar (EFE)—Ecuadoran Defense Minister General Jose Gallardo today confirmed that Ecuador did not purchase weapons from Argentina or Chile during its armed conflict with Peru—a conflict in which a cease-fire is now being observed.

In an interview with EFE, the military chief said, "Both Chile and Argentina have flatly denied such speculation, which is false."

Some press reports have said Ecuador purchased weapons from Chile just after the armed conflict with Peru began on 26 January, adding that it later obtained Argentine military equipment purchased by Venezuela.

Regarding Chile, Gallardo said: "The Ecuadoran Armed Forces did make one small purchase, because Chile is actually one country that has made progress in producing its own means of defense. Nevertheless, we made a very small purchase in September of last year, and that is the materiel that is being withdrawn."

He reiterated, however, that "no materiel" was purchased once the conflict began, adding that "it is also false that anything was purchased from Argentina."

Displaced Persons Situation Reported

95P20613

[FBIS Media Note] The National Director of Civil Defense, retired General Laercio Almeida, told Quito EL COMERCIO of 1 March that the situation of the displaced persons in the border provinces was "unstable" and would worsen once they were resettled because "their economic situation had deteriorated." As of 16 February, Almeida continued, the number of displaced persons was registered at 7,500 from the provinces of Loja, Zamora Chinchipe, Morona Santiago, and El Oro. He estimated that 50,000 people had suffered heavy economic losses as a result of the border conflict, and concluded by expressing concern over the 3,000 Shuar Indians who were beginning to suffer food shortages.

Peru

Guarantor Nations' Observer Mission Arrives in Piura

PA1203004395 Madrid EFE in Spanish 2222 GMT 11 Mar 95

[By Victor Robles]

[FBIS Translated Text] Piura (Peru), 11 Mar (EFE)—The observers mission from the guarantor nations of the Rio Protocol arrived today, Saturday, in Peru after two days of uncertainty during which their arrival was rescheduled four times because of "diplomatic problems."

The mission headed by Brazilian General Candido Vargas Freire arrived at the "Carlos Concha" airport in Piura, located 1,000 km north of Lima, at 1510 hours (2010 GMT), on board a Brazilian Air Force (FAB) Hercules C-130.

They were received at the airport by Peruvian Foreign Ministry representative Jose Antonio Bellina and the ambassadors from the guarantor nations, Arturo Ossorio (Argentina), Luis Carlos Coutinho (Brazil), Jose Martinez Sotomayor (Chile), and Alvin Adams (United States).

Also present at the airport were the military attaches of each of the nations of the observers group that have been working for the past two weeks in the conflict zone and the military commanders of Peru's northern region.

The mission has so far avoided any contact with the media, and it is still not yet known if Vargas Freire will give a news conference as was announced before his arrival.

The silence by the mission chief has been attributed by some analysts to the so-called "Pereira syndrome," in reference to the head of the first observer group Gen. Ariel Pereira, who was relieved of his command because of the controversial pronouncements he made to the Peruvian press.

On that occasion, while visiting the Peruvian forces' rear guard, Pereira said he was "moved" by the "Peruvian soldiers' courage," after witnessing the arrival of several wounded and maimed soldiers from the front.

Ecuador interpreted the general's statements as evidence of "bias," and demanded his immediate removal from the mission.

The 50 observers who recently arrived will spend the night in Piura, and tomorrow, Sunday, will be divided into two groups: one will head toward Ecuador, while the other will head toward the Peruvian city of Bagua.

Afterward, they will travel to the military border posts of Coangos (Ecuador) and PV-1 [Watch Post One] (Peru) to ascertain the concentration of both nations' troops at those two sites, according to what was agreed in the Itamaraty Peace Declaration.

The mission's arrival in Piura was rescheduled on four occasions since this past Wednesday because Ecuador had initially refused to sign the document known as the Procedural Agreement to regulate the activities of the observers in what was the combat zone.

After two days of lengthy deliberations in Brasilia, the Ecuadoran delegation finally agreed to sign the document, which enabled the mission to travel.

Ecuador announced that it had declined to sign because the guarantors had refused to include a stipulation by which they would be forced to visit Tiwinza and Base Sur.

However, other sources reported that the Quito Government had refused to accept some "basic requirements" requested by the mission in order to carry out its responsibilities "efficiently and safely."

The document signed this past Friday was prepared by the mission headed by Gen. Pereira and delivered by the guarantor nations to the Lima and Quito governments nearly three weeks ago.

Pereira stated at the time that if the document was not signed, the observers would be unable to travel to the Ecuador-Peru border and explained that the document included "vital" stipulations essential to operate in that Amazonian region.

Among the vital conditions Pereira mentioned were free transit through the border and the airspaces of both countries and a commitment by both to guarantee the safety and logistical support required by the mission.

Peru approved the document this past Wednesday according to an announcement made by Sebastiao do Rego, Brazilian Foreign Affairs deputy minister, who refrained however from disclosing Ecuador's objections to the agreement that forced the observers to reschedule their arrival.

The mission will first inspect what was the theater of operations of the 32 days of undeclared war between the two nations in order to subsequently suggest the border region that will have to be demilitarized.

To this end, the observers will have to establish operation bases in the most critical sites of the war, Tiwinza, Cueva de Los Tayos, and Base Sur, just as Pereira has announced when he was in Peru.

Communique Denies Presence of Submarine in Ecuadoran Waters

PY1103002295 Lima Radio Programas del Peru Network in Spanish 2300 GMT 10 Mar 95

[Communique issued by the Peruvian Navy Information Directorate]

[FBIS Translated Text] The Peruvian Navy categorically denies a report issued today by the EFE news agency datelined Quito, Ecuador, about the presence of a Peruvian submarine in Ecuadoran waters.

This report is not in keeping with the truth because, in compliance with official Communique 020 issued by the Peruvian Navy on 3 February 1995, the Peruvian naval forces have not trespassed beyond the boundaries of Peruvian jurisdictional waters. More specifically, they have not done so today. This is because Peruvian forces have been redeployed in compliance with the commitments assumed by the Peruvian Government in the peace agreements recently signed by the guarantor countries of the Rio de Janeiro Protocol and the international community.

Uruguay

Economy Minister Discusses Current Policies

PY1103034495 Montevideo LA MANANA in Spanish 3 Mar 95 p 3

[FBIS Translated Text] Economy and Finance Minister Luis Mosca's general economic guidelines will be based on commitments made at the Victoria Plaza Hotel [where the Colorado Party reached an agreement with its coalition partners] to maintain the country's stability and provide greater competitiveness to Uruguayan productive areas. His priority will be to work on measures "which do not depend exclusively on tax incentives."

Mosca emphasized that the measures to be adopted must be flexible, they must take into account other economic factors, and they must consider international and regional conditions.

The minister stressed that Argentina and Brazil are of enormous importance to Uruguay's economic health and "the stability of their economies is therefore indispensable."

"We have debated the issue of public companies' privatization a lot in the past few years. It is very clear to all of us, however, what citizens said in a plebiscite with respect to some companies that the state maintains as monopolies," Luis Mosca said.

The minister said our commitments to Mercosur [Common Market of the South] will force us to reformulate our public companies' regulations. Minister Mosca said the Asuncion Treaty bans commercial monopolies giving public service companies a free hand in treaty member countries. "Uruguayan public companies must have regulations that will permit them to compete with companies such as those in Argentina, which have already been privatized, and companies in Brazil that are on the way to privatization," Mosca said.

"An initial important job is to give these companies enough flexibility to contract people and work and act as enterprises," Mosca added.

If this is not the case "we could anticipate that we will not be able to compete, but it would not make sense to try to prevent the changes." This is our great task with public companies. I think we will have the necessary consensus to implement this type of transformation," the economy minister said.

"The real foreign exchange rate tends to become stable, and Uruguay needs to give incentives to productive activities. We have a good competitive edge vis-a-vis Argentina and Brazil, although our competitiveness with Argentina declined recently," Mosca said.

The minister said those incentives must consider the current world market situation and recognize that company contributions to the social security system cannot be charged to the products we export. "We will make corrections if our fiscal situation permits us to make them," the minister said.

Mosca said our economy "is affected by different winds." Some of those winds are favorable and others are not so favorable. "Favorable circumstances are our agriculture products' price increase and our regional stability. Unfavorable circumstances are the credit restrictions affecting our countries as a result of the Mexican crisis."

"Argentina has always given important support to our economic growth, but [Argentine Economy Minister Domingo] Cavallo's latest adjustments will affect our economic activities. We cannot isolate ourselves from them," the minister concluded.

Defense Minister Views Military Reorganization

PY1103040895 Montevideo BUSQUEDA in Spanish 2 Mar 95 p 10,11

[Interview with Defense Minister Raul Iturria by unidentified reporter; place and date not given]

[FBIS Translated Excerpt] [BUSQUEDA] Which political criteria will prevail as Armed Forces policy—the criteria of the faction you represent or the criteria of Julio Sanguinetti's party?

[Iturria] We have an inter-party agreement and it is logical that the opinion of both parties will be taken into account at the time of defining policies. President Sanguinetti is responsible for the government, but there is a coalition agreement and it is natural to contemplate the criteria of the movements included in the agreement. The Get to Work Movement has very well-defined ideas on policies they would have implemented had they won the election. I do not think our differences are substantial, and it will be easy to agree.

[BUSQUEDA] Do you think the Armed Forces reorganization process initiated by the Luis Lacalle administration must be continued?

[Iturria] The Armed Forces, like any institution in a modern state, must be alert to changes in the world, in the region, and in the country. We are currently experiencing times of great changes, such as those produced by our regional integration. The military cannot ignore this.

We are living in an era of change. There is a great variety of tactics and technology, and it is natural to think that the Armed Forces should update its institutions, just as any other institution in the country.

[BUSQUEDA] Do you, then, agree with the process or reorganization started by the Lacalle administration?

[Iturria] The Armed Forces must study what changes they need. Perhaps the minimum has already been reached in terms of reduction of personnel. It is difficult to conceive of the Armed Forces with less personnel, given the way the institution is organized today.

[BUSQUEDA] But the reorganization sponsored by the Lacalle administration generated internal problems, particularly in the Army, when the administration tried to reform the cavalry.

[Iturria] I think necessary changes will be implemented. The Armed Forces are professional institutions. Some things will be changed, other things will not. We must find the right balance between what is well done and what is better to correct.

I cannot talk about these topics in depth because I still have not had time to fully acquaint myself with them. I do not have a dogmatic attitude, and I am sure the military does not, either. In consequence, we will analyze what has been done. What is good or well done will continue and what must be changed will be changed.

[BUSQUEDA] Do you think the Uruguayan Armed Forces should continue participating in UN peace missions?

[Iturria] I think it has been something new, and we obtained optimum results because we left a magnificent impression in terms of our officers' professionalism. Besides, those missions have given our officers an opportunity to open their eyes and have a different vision of the world.

[BUSQUEDA] To what degree will the National Party ministers be responsible for government decisions?

[Iturria] The fact that the Blanco [National Party] ministers are all career politicians and that three our of four of us were elected senators should give you an idea of what we represent. This gives us the possibility of discussing issues that do not belong to our portfolio in the Council of Ministers. At the same time, the leaders of our different factions will continue to meet.

But the Colorado Party will have the responsibility for the government because we cannot deny the election results.

[BUSQUEDA] What are the limits of the Blanco party political support?

[Iturria] Democracy is a constant compromise, and you must be willing to seek consensus and, naturally, to renounce some of your principles.

Besides, as Alberto Volonte [Blanco Party leader] said, the ideas of the other factions or parties could be good, and if that is the case, why ignore them? We must act with humility and then without excessively praising successes. We will share the government's failures and successes.

It is necessary to support the government. Besides, that is what people want. This was established before the election.

[BUSQUEDA] Has the high percentage of votes obtained by the Progressive Encounter influenced Colorado and Blanco leaders' decision to join forces? There is a possibility that this might be the last chance to do things well, because otherwise voters might decide to elect a leftist government.

[Iturria] No. I do not think this is the case. Our faction's position was presented by Volonte throughout the political campaign. He always said that no government program was viable without national unity, which meant that we needed the support of all political groups if we won the election, and we had to offer that support if we lost. This agreement is based on that principle.

If the Progressive Encounter wins the election in the future, it will also need to form a coalition government. [passage omitted]

Venezuela

Caldera Gives State of Nation Address

PA1003172595 Caracas Venezolana de Television Network in Spanish 1430 GMT 10 Mar 95

[State of the nation address by President Rafael Caldera to Congress from the Senate chambers in Caracas—live relay]

[FBIS Translated Text] Congress President; Congress Vice President; Supreme Court Chief Justice; His Eminence Cardinal Archbishop of Caracas; Prosecutor General; Comptroller General; Attorney General; members of the Supreme Electoral Council; President and Magistrates of the Judiciary Council; former Presidents of the Republic; former President of the Government Junta; Ministers and Cabinet Members; Governor of the Federal District; Excellent Ambassadors; Honorable Charges d'Affaires; Representatives of international organizations; General Officers, Admirals, and Members of the High Military Command; Mayors of the metropolitan area; Presidents and Directors of national academies; Rectors of national universities; Directors of executive offices; Presidents of autonomous institutes and state organizations; Representatives of the media; ladies and gentlemen; Senators and Deputies:

All Venezuelans know perfectly well that the past year has been the most difficult in this half of the century. I am not going to dwell on the numerous aspects of the drama the country has experienced as a result of the deterioration of the past few years. I will, however, note one fundamental thing: Not everyone realizes the huge effort has have had to make to face problems, eradicate corruption, maintain social equilibrium, and bolster the strength of our democratic institutions. There should be no need to insist that our financial crisis perhaps has been the most serious in the world in proportion to our domestic product. We must recall that responding to the disasters suffered by millions of persons and regaining confidence in banking institutions has been a herculean task.

The IMF director told me in Miami that the systematic crisis could have led to true panic in any country in the world. We all know what panic signifies: chaos, social madness, going from failure to failure, faltering at the beginning of the reconstruction process.

Of course, the Venezuelan people have been the protagonists of the efforts made to overcome the crisis. Above the many criticisms, some certainly well founded, others perhaps dictated by remorse or desperation, the people have maintained and still maintain hope, because they know they are being served with devotion, absolute honesty, and zealous patriotism. Not only do they maintain their love of the fatherland but their conviction that our country has the necessary elements to overcome any crisis and to open the avenues wide, which is what is demanded now that we are five years from the year 2000.

Our objective supposes and demands everyone's united participation. The magnitude of the challenge cannot be faced with isolated positions. Individual or group egotism has no room in this great enterprise. Never has the duty of solidarity been as necessary as now.

The Economic Stabilization and Revival Program was presented to the country through an intense dialogue exercise. All public and private sectors were advised while it was being drafted, and the ideas about its content were presented and heard in goodwill.

This Ninth Plan is a reflection of that intermediate to long-term program. It broadens its goals. It is a precise plan of what we must do to build the country while remaining cognizant of the demands of economic and social development.

The plan establishes the framework of government action in its various areas and proposes the project of a country based on five major lines of actions: 1. strategic incorporation of the country into the world community; 2. transformation of the production apparatus to guarantee that we have a high value-added goods and services exporting economy; 3. a social solidarity project to improve living standards, generate profound transformations in civilian society, and promote an innovative process of economic and social integration of the less-favored segments of the population; 4. the programmed transformation of education to provide our youths with the skills needed to transform the country; and 5. comprehensive reform of the state to make its actions rational and to ensure it responds to the true needs of the population.

I trust the reforms to the Constitution and in the administration of justice, which cannot be delayed, will become essential parts of state reform. We already introduced a partial reform bill creating the Industry and Commerce Ministry and the Foreign Trade Bank, and everything pertaining to the Infrastructure Ministry is ready.

As for the decentralization process, it remains on course in a responsible, harmonious manner. The relationship among national officials, governors, and mayors is developing in a more coordinated manner.

We want a country where human beings are the priority and for whom all efforts should be directed through an economy promoted by freedom but conditioned by the essential requirements of a sovereign nation and a happier society.

We are not afraid of freedom. On the contrary, we proclaim the principles that must guarantee it in an atmosphere of equality. But we are not among those who, immolating the demands of moral values, even erase from their vocabularies the expression that defines one of the greatest achievements of contemporary humanity; that is, social justice.

I urge all compatriots and those who coexist in our land to use these ideas to build a model for a country that will unite us, give us a common vision of the future for which to fight, and point the set for us to build it together.

We want to revive the economy and develop all aspects of the country, but we believe in social justice. We are unwilling to subject ourselves to what an major French newspaper recently termed the sole thought; that is, the new dogmatism that economic interests want to impose to replace the defunct Marxist dogmatism. Our one-year experience in government has demonstrated to us that international financial organizations can understand and respect the sovereignty of a nation, although small, when it is exercised without arrogance but with firm determination and common sense. Investors of any nationality are inclined to invest and subject themselves to a legal order that recognizes ethical foundations and judicial aspirations as long as they are offered legal security and due respect for the recognized rights of entrepreneurial capital in all civilized societies.

The year of the [word indistinct], citizen senators and deputies, has been disrupted by the gravity of the economic crisis and by the immensity of the banking crisis. I can assure you that despite the difficulties, we will give the country a tidier financial system and an orderly economy. But the economic field is not the only place where my government has had to face major challenges.

I assumed the presidency at a time when a sequence of serious events had undermined the confidence of many of our fellow citizens in democratic institutions. Some people who saw the end of the conditions under which they were able to amass large fortunes by disregarding moral principles and guidelines of social conduct took advantage of and continue to take advantage of domestic and foreign economic and financial power and their influence abroad to launch a smear campaign that has not yet ended. The truth, however, refutes the malignant predictions that are made every day in all forms and through the various media. These predictions have not succeeded in their objective of undermining the confidence of the governed or triggering violent disturbances that would end all hope of recovery, and with good reason. A large majority of the population is still firmly clinging to those hopes.

We have been able to preserve peace, despite the protests that have taken place in many sectors of the country on a daily basis as citizens seek to immediately solve their problems and fulfill their aspirations. Most of these protests are peaceful. Dialogue has often channeled the proposals and paved the way for understanding. Violent protests are a minority, and there is no other choice but to tackle them purposefully but prudently in an attempt to prevent harm to people and property.

As for the phenomenon of crime, I will not hide its serious scope, nor will I excuse myself by using the argument that crime rates in major cities of developed countries are strikingly high. I want to say this: I assume responsibility for this great challenge. We have had much to do in numerous and complex aspects such as the situation in the security organizations, an increase in drug trafficking, and the lack of a crime-prevention policy, to mention a few. It will require a considerable effort to purge, equip, and modernize the security organizations, and to this end the government must increase resources by 200 percent this year. This is one of the great challenges we must overcome and which we will overcome with everyone's cooperation.

We must also face the problem of the prisons, which have been neglected for so many years. The stifling overcrowding breeds all sorts of corruption and violence. The implementation of the programs to build an appropriate prison system has taken some time, but I hope these programs will be in full swing in 1995.

The peace we have been able to maintain and which, as you can see, is growing has been achieved within the normal operations of democratic institutions, despite strong criticisms. I must admit that Congress has played a pivotal role in the search for the coexistence required to move along viable and effective paths. Congressional actions such as approving the Special Powers Law, which enabled the government to adopt critical measures to face the economic and fiscal situation; understanding that the crisis demanded the suspension of constitutional guarantees; and reaffirming the so-called institutional pact, which was launched during my first government period, were very significant. Without undermining its opposition stand, the party with the largest representation in Congress at the time supported the election to the Senate presidency of a legislator who was elected by the same political group as the president of the Republic.

This practice continued to be observed in subsequent periods, and it is perfectly reasonable for it to have continued under the current circumstances. [applause]

Concerning the suspension of guarantees, the powers of the executive, as the Constitution states, have been exercised with so much forethought that the most frequent criticism we have received is that the suspension has not been applied with enough harshness.

We anxiously awaited the passage of the most important laws, following the financial emergency and the economic crisis, in order to reinstate them. It is important that Congress, aware of the delicate situation we are facing and always willing to demand that the executive branch be in charge of guiding the crisis, grant the executive branch, without hesitation, the powers it needs to overcome the emergency.

In the fight for peace and the strengthening of democratic institutions, special recognition goes out to the Armed Forces because of the work it has done to preserve national sovereignty, public order, democratic constitutionality, and social peace. I have specific, sole, personal responsibility, as the Constitution states, as commander in chief of the National Armed Forces. From the first moment on, I had full notion of what this power involves, which the will of the people gave me when they elected me president of the Republic.

I clearly stated before being sworn in as president-elect that I intended to exercise a highly important duty without hesitation, inspired by the sole purpose of better serving the Republic and the military institution. Having the full support of the high-ranking military command I appointed, I intended to remedy the traumas caused by the 4 February and 27 November 1992 revolt attempts.

I gave worthy treatment to the promoters of those uprisings and all those being tried for those events. I called for the individual study of each case. They all obtained their freedom due to a presidential grace. Many returned to their activities via a transition stage, which is indispensable in restoring the team spirit that had been broken due to the events that had taken place.

Those who did not want to return to active service or those whose return was not advisable due to their decision to actively participate in politics, a decision which is incompatible with the nonpartisan nature of the Armed Forces, were given all the guarantees offered by democracy to citizens.

Strengthening their unity, solidarity, professional capability, and institutional conscience has been the constant goal of the military policy I have the honor of guiding.

The social and human improvement has been attained at all levels. We have recognized the soldiers' right to a salary equivalent to the minimum wage, and they have had the opportunity to a job or job training for their passage into the reserves.

I am pleased to reiterate that we have been able to eliminate the military draft at last. Venezuelan youths have voluntarily shown up to comply with their sacred obligation, convinced this is beneficial for their education and future.

Social programs to help officers and soldiers have been the object of great concern for the military authorities.

An enormous majority of the civilian population has welcomed the firm willingness of the Armed Forces, all forces without exception, to carry out the tasks assigned when called upon to protect the community against the suspension of important public services. The many travelers who must move about every day by air are grateful for the Air Force's readiness in assuming air traffic control operations.

Incidentally, the ongoing airport modernization project, which is costing $97 million dollars, will allow us to optimize aeronautical communications, to modernize the air defense control center, and to provide the main airports with equipment to boost air safety.

I am pleased to state as commander in chief that the Venezuelan people are proud of their Armed Forces and grant them a high level of trust and dependability. Such is the result of frequent opinion surveys. We must not forget the Armed Forces were a determining factor in attaining freedom on 23 January 1958 and have been the permanent guarantor of democracy through the many situations the country has faced, amid the institutional traumas endured by our sister Latin American nations over the recent decades.

One of the most significant projects the executive branch has taken on is the Southern Region Sustainable Development Project. We have included it as a main component of the Ninth National Plan. My concern for the priority attention the country's extensive borders demand has been continuous. I decided to reactivate the National Border Council, headed by a minister of state who has dedicated tireless attention and maintained continuous communication with the many areas along the border that have required immediate attention.

Likewise, I appointed a commission to charter a draft development plan for the southern part of the country, where there are the least populated regions in the south of Amazonas, Apure, Bolivar States and the Delta Amacuro Territories. The commission would be coordinated by the present general commander of the Navy and then secretary of the National Security and Defense Council. Those areas were abandoned following a mistaken environmental conservation concept, subjected to depredators seeking their natural resources and the invasion of illegal mine prospectors from Brazil, while the indigenous peoples of these areas suffer from illness and backwardness.

Once I received the plan, I designated the Presidential Commission for the Southern Region Sustainable Development Project, Prodesur, headed by the minister president of the National Border Council, coordinated by the secretary general of the National Security and Defense Council, and constituted by seven high-level citizens of proven experience, one representative of the Venezuelan Guayana Corporation and one representative of the (Intergovernmental Decentralization Fund).

The state governors and mayors of the affected states and municipalities have the right to participate and be heard at the commission meetings. The Defense Ministry, under which the commission is administratively assigned, will have a prominent role in the project. The Armed Forces will have an active part in the implementation of the projects in addition to their duty to defend and protect our sovereignty against the aggression of foreign forces, no matter what their nature.

The struggle to stabilize and reactivate the economy has met its greatest obstacle: inflationary pressure.

We cannot forget that we inherited a tottering economy, with extremely low revenue, with a decapitalized production sector, deteriorating public services, outdated technology, low production, a progressive drop in real salary and of private investment, and deteriorating public and private morale. We were virtually at the bottom of a general chaos.

Since the outset of my administration, the struggle against inflation has taken a leading place. The so-called Sosa Plan was directed to reducing the fiscal burden, for which the budget that had been approved for 1994 was modified and revenue was increased. In addition to this, substantial reforms were made to the tax system, to get those having the most to contribute and to reduce excessive dependence on oil income.

The result of this plan was recognized as positive. As a significant fact, we can mention that because of this, in 1995 nonoil tax revenue will surpass oil revenue for the first time. Inflation, however, increased considerably as a result of the crisis of the banking institutions. It is an error of perception that is frequently committed by eminent economists, who ignore the fact that the primary cause of the increase in inflation in 1994 was the accentuated devaluation of our currency, as a result of the crisis of confidence caused by the situation of the banks and credit institutions.

The bolivar, which had been progressively devalued through the process known as the crawling peg [preceding two words in English], lost value suddenly when the foreign exchange market became distorted with the loss of confidence in the banking institutions. Those who had funds in the banks that were intervened and received equivalent amounts, through the financial aid granted by the Central Bank of Venezuela through Fogade [Deposit Guarantee and Banking Protection Fund], ran immediately to buy dollars. The mechanisms used by the Central Bank of Venezuela were not effective in halting the hemorrhage and only drastic foreign exchange measures were able to curb the plunge of the bolivar, which threatened to plunge in similar proportions as those experienced at other times by other nations.

Today, there are few who criticize the foreign exchange measures, whose immediate effects were to bolster international reserves and to put a stop, as is commonly said, to the devaluation. With the devaluation halted, it was not possible, however, to erase the effects of what had happened. The price control that had to be instituted and which was limited to some 40 articles could barely moderate the price increase of consumer goods. In addition to the inflationary pressure, the increase was caused by speculation and the nonexistence of effective trading systems. This has had a considerable influence because the factory-gate prices obtained by producers, which they rightfully consider insufficient, have increased disproportionately for consumers, who buy products in the market.

The currency devaluation has also been a determining factor in keeping real wages low. Because of this, the government decreed a minimum wage increase which, together with food and transportation tickets, represents an increase of over 100 percent. The wages of the public sector employees were also increased over 100 percent. The government considered justified the demands of workers and called for a meeting on labor regulations, in keeping with the labor code. This paved the way for peace in the labor sector and was a significant step toward the normalization of wages.

The public education teaching staff, the health sector's medical and paramedical personnel, and security personnel had a special right to have their situation considered. The national government realized this, and despite the budgetary restrictions, did not hesitate to recognize this reality.

As for wages in the private sector, the organized business sector has admitted the need for substantial increases, but hopes to see a decision made on the controversial matter of social benefits. A technical commission was tasked with studying this and it presented a report yesterday.

We will immediately start a dialogue with the sectors involved. The issue has gained importance and this has prompted me to expect a constructive consensus that, without diminishing the rights of workers, might meet the needs of the business sector and open new possibilities for social security.

I urge both sectors, business and labor, to engage in a dialogue without any biases in order to adopt a course to correct the negative effects attributed to the current system and to guarantee improvements in real income for workers in the short term.

The financial crisis produced other effects on the country's broken economy. The government has responded to them. The Agricultural Debt Reconversion Law led to difficult negotiations because of the serious situation facing the banking sector and the fiscal deficit. Those obstacles did not prevent us from finding paths along which we must continue to journey.

Efforts to save and encourage small- and medium-sized businesses were not easy either, but we have intensified our efforts to protect and defend them. After implementing the special measures and the economic stabilization and revival program, the national inflation rate has dropped continuously from 9 percent in June 1994 to 5.1 percent in October, to 3.5 in December, and to 2.4 percent in February 1995. This has lead us to expect it will not exceed 35 percent this year, that is half of the 1994 rate.

The anti-inflationary goal continues to be a priority, but we must understand that the fiscal deficit, which is among the important factors, demands solidarity. Each person must sacrifice something. If each sector focused only on obtaining benefits for itself, the task at hand would become considerably more difficult.

To counter the fiscal deficit we are willing to drastically reduce current expenses and impose severe fiscal discipline based on healthy austerity and administrative efficiency. This reduction entails the cooperation of the Congress. I want it to appoint an special commission to work jointly with the executive branch in the adoption of those measures that will require the participation of both public branches.

The commitment of the administration to respond to economic problems and the crisis of the financial system with great urgency has not distracted us from our main task: social concerns. The increase in salaries to compensate for declining real income is important, but we know this will not suffice. Social welfare is not a mere appendix of our government program, but an essential part of our commitment to our people. The struggle against poverty, and above all, the eradication of poverty are major goals.

This year, funds earmarked in the national budget for social programs increased by 67 percent over the previous year. We intend to transform the subsidy system into an effective instrument to ensure better and more adequate nutrition for children and youths. We have increased food subsidies and want them to form the basis of a school nutrition program guided and supervised by parents and representatives.

We have called for social solidarity to establish a chain of people's markets where consumers will be able to obtain staples at prices that are substantially lower than those found in the grocery stores and supermarkets. The experimental solidarity economy has been successful, and it will be expanded. There are over 200 items of solidarity goods and over 300,000 households receive the benefits of cooperation between producers and consumers. The people's drugstores have also been a success, and we are interested in seeing more of these to alleviate the cost of medication which is one of the most serious problems our society is facing.

Within the framework of the 9th Plan of the Nation, we will soon launch a people's nutrition program that will take into consideration the basic aspects of nutrition. This program has been prepared based on thorough studies done by the government offices involved in food production as well as health care. Within this program and with the advice of Dr. Jose Maria (Bengoa)—a world-renowned authority—we plan to launch a program called the Basic Food Basket that will facilitate the purchase of seven products at reasonable prices for a balanced diet that will guarantee the calories necessary for good health.

We have been very concerned about the health situation. The situation in which we found the hospitals, including the medical and paramedical staff, required many hours and days of attention in order to devise solutions. We have devoted time and effort in carrying out public awareness campaigns. Following the measles vaccination campaign, we launched a new one called a Commitment for Life with the moral support of senior officials from the Panamerican Health Organization and UNICEF. We fully trust the results will be tangible.

Among the social concerns we necessarily have an interest in housing. Inspite of the fiscal situation, we have coordinated the resources from various institutions that are involved in housing in order to combine efforts. In 1994, we distributed 47,073 housing units to an equal number of households of various levels and classes, according to their economic and social needs. In 1995, we are building 74,341 housing units. We plan this year to reach 139,730, and by the end of this five-year term, we hope to reach the figure of 900,000. The budget for 1995 represents a 423 percent increase over the 1994 budget. The housing deficit that we accumulated in recent years is extremely high.

We insist that the right to housing is a direct consequence of the right to life. It is also an indispensable condition for the normal existence of a family. We could not accept that during international year of the family, when there was an emphasis on the basic qualities of that institution, we did not make our best effort so that more and more families could enjoy a home.

As a result of the housing crisis itself and the lack of urbanization plans—although nine urban plans have been approved and 14 more have been presented to the municipal authorities for their final approval—many neighborhoods have developed in the outskirts of metropolitan areas. These neighborhoods are somewhat irregular, at times established on unstable ground, and they do not offer the minimum conditions needed by the residents. These neighborhoods also lack basic services such as potable water, sewers, streets, coin-operated telephones, sports installations, school buildings, and community centers.

To humanize them, Fundabarrios [expansion unknown] is already actively working in 985 neighborhoods, about 30 percent of the national total, and results will be felt soon.

We must also note water for the populations among the public services of high human interest. Many cities have experienced the dramatic lack of this essential element. Some of the many situations that have required decisive action from the government are: to definitely resolve the complex situation of supplying water to the Caracas metropolitan area; to finish the works of the Central Regional Aqueduct, which is so yearned for by residents of the states of Aragua and Carabobo; to solve the water supply problem in Maracaibo; to (?channel) water from the Cuatricentenaria Dam to Carora; to repair the rupture suffered by the Turumiquire Dam; and to advance the important work of (Yacamu).

The use of irrigation works that were built but not taken advantage of very much is something I consider of great national interest. I instructed the ministers of the environment, natural resources, and agriculture and livestock to proceed without delay in drafting plans and executing the necessary actions to ensure that this huge investment, which is inexplicably going to waste, is efficiently used for the benefit of production.

I also ordered the revival, on a large scale, of the hydrological modules program at Mantecal, a beautiful experiment I once called the taming of water, because it will put an end to, amid the fantastic environment of the plains, the repeated drama of rivers flooding the savanna followed by long months of drought when pastures are roasted and heads of cattle die of thirst. [applause]

Despite limitations, we have carried out works although they are just some of the works many have wanted. I learned the national budget is facing unavoidable commitments that leave little for the construction of works and services that are, undoubtedly, needed. The rehabilitation of the road system, the upkeep of which was neglected in past years, requires an investment of 500 billion bolivares.

To achieve economic recovery, we have adopted measures the public opinion has received positively. They include inflation control and incentives for production and investment. The opening of strategical associations in the petroleum field is already in the hands of the legislative chambers in keeping with the law. Ongoing investments and those already secured in the fields of petroleum and petrochemicals constitute a certain source of dynamism in the short term.

More than $200 million were invested in 1994 in inactive areas. We are investing 1 billion in 1995 and will invest 3 billion [currency not specified] before the end of the current period. Four projects along the Orinoco Belt, two of which are already under way, will contribute $20 billion in new productive investment.

The privatization process continues as scheduled. We have already requested permits for associations with private capital for companies of the Guayana Corporation. A project to partially reform the Privatization Law was presented and was favorably welcomed by the legislative chambers. We have been forced, however, to insist that certain aspects that we deem as necessary should be reviewed in order to obtain a result that will be advisable for national interests.

Concerning mining, we believe it is essential to launch a new policy. We created the National Mining Council, with the participation of the private sector, and a new bill is ready and under study to ensure that we obtain from our immense mining wealth the benefits the state should be receiving.

We plan to prevent for the mining sector the errors the petroleum sector had to overcome in our country and prevent the mining sector from experiencing the injustices and corruption the petroleum industry suffered during the first decades of its establishment in the country.

All possibilities in the country are on the move. Tourism is no longer a mirage and is increasingly becoming a source of jobs and financial resources day after day. If much has yet to be done, it is because there is much we can and must do. For this purpose we need to raise awareness among the population that tourists are necessary guests we must attract.

The launching of an ambitious program of public works through the concession system, in keeping with a decree law issued under the Enabling Law, has been delayed due to the difficulties that are inherent to the beginning of any endeavor requiring a great amount of study and analysis. The opening of the process pertaining to the highway between Caracas and the coast was already decreed, and we will firmly continue to work on the Romulo Betancourt eastern highway in upcoming months.

Our government's international participation has been intense and positive. We promoted mutual cooperation with dignity, heedful of preserving our sovereignty. We made our contribution to the integration movement for the benefit of our country and the service of humankind. We signed with Colombia and Mexico the Group of Three Agreement and participated in the creation of the Association of Caribbean States and the WTO.

We actively participated in the deliberations that led to a common declaration and an action program during the Hemispheric Summit held in Miami. We also took active part in the Ibero-American Summit, the Rio Group meetings, and negotiations with the European Union. We are engaged in efforts to fulfill a major objective of integration, the agreement between two leading subregional organizations: the Andean Pact and Mercosur. We hope Venezuela will host a meeting among the representatives of these two organizations.

The heads of state of Brazil and Colombia visited Venezuela as well as the heads of government of Portugal, Israel, and the Netherlands Antilles, and the prince grand master of the Republic of Malta. The meeting held by the presidents of the Bolivarian nations, Bolivia, Colombia, Ecuador, Panama, Peru, and Venezuela, in Cumana, to commemorate the 200th anniversary of the birth of Antonio Jose De Sucre, great marshal of Ayacucho, constituted a significant event. Venezuela's relations with bordering countries, particularly Brazil and Colombia, have increased to unprecedented levels in the political and economic fields, and other aspects.

Regarding Colombia, I must mention the traumatic situation that has unfolded due to various circumstances. We are mainly referring to the treacherous attacks launched by rebel groups on border units of the Venezuelan Armed Forces. The appalling attack on the Cararabo river post along the Meta River in Apure State has outraged Venezuelans and encouraged a deleterious ill will, which we must reject. It is true this incident has added to other circumstances, such as the failure to return thousands of stolen vehicles and the abduction of

Venezuelan businessmen who after being kidnapped in our territory were taken to the other side of the border, where the perpetrators operate with apparent impunity. Our friendship with Colombia has and must prevail, however.

I am fully aware of the responsibility given to me by the Constitution, which makes me responsible for leading Venezuela's foreign relations. I am willing to exercise this responsibility as firmly as possible, always considering and keeping the vision of our basic goals in mind.

The government and the Armed Forces under my leadership have demanded from Colombia's civilian and military authorities a positive answer in light of recent events, which we cannot tolerate for any reason. Colombians' response has been positive, categorical, and we cannot question their good faith. We remain alert, however, to the facts that will confirm their words. There is a conviction, on both the Venezuelan and Colombian sides, that if incidents such as the recent ones repeat themselves, the right to a legitimate defense will have to be recognized. [applause]

The legitimate right to self defense cannot be subject to a border, which we have respected and continue to respect, whenever that border is trampled by those whose evil purpose may just be to provoke a conflict between two countries whose friendship and cooperation are more necessary now than ever before. [applause]

It is not up to us to interfere in the dramatic situation that political violence has imposed on the neighboring country, which we sincerely hope will be overcome. The problems provoked by the irregular groups have no ideological or political basis. The guerrillas carry out their actions to obtain money and weapons. For 20 years we have been spared the guerrilla phenomena, which previously existed in our country, therefore we are unwilling to allow the entry of such groups from abroad. [applause] Drug trafficking is different. Given that this is a crime against humanity, we have a commitment to the war being waged by the Colombian authorities and the entire hemisphere.

Undoubtedly the most important of the many areas that need to be reoriented and bolstered is education. The analyses paint a most disconcerting picture. There is no proportion whatsoever between the human and financial resources Venezuela has invested during this and every year in educating its younger generations and the poor results derived from them. The country must give this problem all the attention it requires and my administration is determined to do so. Our program for a new nation will only be possible with an extensive transformation of our education system. Such a transformation calls for the entire community to take an active part in the education process, as called for by the education minister: The needed transformation must take place through greater participation, attention, control, and responsibility on the part of everyone. This is an issue of the greatest importance that must be above all selfish squabbling. The current difficulties will soon pass and the poor education and training of our youth would be a lasting injury with long-term effects on the nation. The liberator [Simon Bolivar] wrote in 1825: Nations march toward their own degree of magnificence given the level of education. The nation progresses if its education progresses; it lags if its education lags; it falls and sinks into darkness if its education is corrupted or abandoned. This was written in Potosi on 1 October 1825.

I hope we can all realize, beyond our immediate priority concerns, that we must deal with this matter at once and commit all our efforts, public and private, to making a significant change. This cannot be a government task. The entire community must take an active part to overcome our deficiencies and reach the high quality that we can expect from better education. Our youth are at the center of our concerns. One of the more serious forms of decay we found was the lack of motivation among the younger generation and the excess of incentives for vice and crime. The media frequently encourages violence. Job-oriented education, sport in all its forms, culture, and youth and children's orchestras, are just several incentives with which we can trigger the noble instincts of our youth and strengthen their creative spirit. We contribute enthusiasm and faith to awakening a healthy nationalist feeling and promoting self confidence. Our young answer this call by saying: Give Venezuela a hand. [applause]

We must contribute enthusiasm and faith to carrying out the gigantic effort that Venezuela's present and future demand. When we speak of solidarity, we are not using empty words. We are deeply convinced that Venezuela has all the resources it needs, particularly its human resources, to overcome any crisis, no matter how extensive or deeply embedded. We must first overcome differences and friction, which are inevitable in any community, and all work together to solve the problem.

The task is difficult, but not impossible. We invite all Venezuelans of good will to join this effort toward a moral and material reconstruction. I invite you to mobilize to rescue your future in a great nation. Do not let anyone deprive you from having the country you deserve.

The history of Venezuela will leave out those who may try to sow pessimism and mistrust, as well as those who may try to take advantage of the crisis for their own benefit at the expense of the people's right to a better future.

At the end of the first year of the current administration we know that our people have suffered and are still suffering, but have not lost hope. We reiterate our message of confidence to our people, whom we are committed to serve, to all members of civilian society. We invite the cultural, scientific, and technical sectors, as well as the business and labor sectors—whose main task is increasing production and productivity—the ethical sector, the Catholic Church and other religious groups to whom we reiterate our respect and cooperation, to join this common and joint effort. We invite you to join this great and challenging commitment of raising Venezuela to the place where it should be. We should remember that in five years we will be entering a new millennium of Christianity.

Great people benefit from a crisis. That should be our goal today. The carefree mentality of the profligate years must be replaced by a mentality of effort, work, and struggle to improve ourselves. We recall that the liberator was in a worse situation when in Pativilca he declared his intention of undertaking the formidable task of achieving South America's liberation. He led us to victory. Today we hear his message and we reply: We will win! [applause]

Political Attitudes in Zulia Surveyed

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[Article by Milagros Duran]

[FBIS Translated Text] The mayor of Maracaibo, Fernando Chumaceiro (pro-COPEI [Social Christian Party] independent), tops the Zulian population's list of electoral preferences—followed by Lolita Aniyar de Castro (MAS [Movement Toward Socialism]), and Carmelo Contreras (AD [Democratic Action]—for governor of that state.

The results of this survey were derived from personal interviews of a sampling representative of the resident population of the state of Zulia.

Between 21 and 26 January 1995, a total of 401 interviews were held with Venezuelan adults aged 18 and over. The sample covered the state's complete electorate, in rural as well as urban areas, reflecting the population distribution reported by the 1990 national census.

All interviews were conducted in the homes of those chosen for the sample.

Principal Observations

1. In an election for governor, at this time, with three candidates, Lolita Aniyar de Castro and Fernando Chumaceiro would tie for first place as the candidates of preference. Each of them would receive around 30 percent of the vote, but the exact proportion would depend on the identity of the AD candidate.

2. Although Carmelo Contreras (21 percent) scores slightly higher than Omar Barboza (18 percent), both AD candidates occupy third place in the preferences. The additional votes garnered by Contreras come mainly from the interior of the state, and are votes that would otherwise accrue to Aniyar de Castro.

3. The probable abstention from these elections appears to be relatively high, and similar to that of the 1993 presidential elections. Among those who are likely to vote, the difference between Contreras and Barboza is somewhat greater: 22 percent for Contreras and 17 percent for Barboza.

4. AD militants express a greater preference for Contreras than for Barboza. When the party's designated candidate is Contreras, 59 percent of the militants support him; when the designated candidate is Barboza, this proportion drops to 41 percent.

General Environment

According to the survey, the general environment in Zulia is negative and pessimistic, especially in the interior. Only 16 percent of those interviewed consider that it has improved economically, while 29 percent believe that it is going to improve economically in the near future.

The economic environment is less negative and pessimistic now, however, than it was toward the end of 1993, with 51 percent now saying that things are economically worse than "two or three years ago," whereas in November 1993, when a similar survey was conducted, 71 percent expressed this degree of dissatisfaction. Now, 53 percent say they expect to be in an even worse situation "two or three years hence"; and in November 1993, approximately 63 percent expressed the same pessimism.

Party Preferences

COPEI continues to occupy first place as the party of preference in Zulia; AD occupies second place; and three other parties are tied for third place: COPEI 27 percent; AD 19 percent; Convergence 11 percent; Radical Cause Party nine percent; MAS nine percent; MEP [People's Electoral Movement] three percent; Emergent People one percent; Guajira First one percent; Others one percent; None/Don't know 18 percent.

The degree of interest in voting in the elections for governor is very similar to that reported prior to the 1993 presidential election. Only two out of every three voters say they will "very probably" vote. Probable participation is greater in the interior of the state (72 percent) than in Maracaibo (65 percent), but is not really very high anywhere at all: Will very probably vote: 68 percent; Will somewhat probably vote: seven percent; Will probably not vote: eight percent; Would not vote/Don't know: 17 percent.

Level of Awareness

Of five leading regional political figures evaluated, four are widely known, but none have a strongly positive personal image. Only President Caldera has a positive image clearly exceeding his negative image.

More than 90 percent of the Zulian electorate have heard the names of all the regional political figures evaluated, with the sole exception of Leonardo Ferrer. And three of every four or more voters have already formed an opinion of all except Ferrer. In the case of Lolita Aniyar de Castro, the percentile whose opinion of her is already formed is over 90 percent.

The ratios of favorable opinions are less marked. Half of those who have formed opinions of Aniyar de Castro and Fernando Chumaceiro view them positively, but the other half or almost half express negative opinions.

Of the five regional figures, Leonardo Ferrer has the worst image. Nine of every 10 persons who have formed an opinion of him reflect a negative image.

Of the national political figures, only two were mentioned: Rafael Caldera has the most positive image (66 percent), followed by Andres Velasquez (40 percent).

New CVG Director General Appointed

95SM0217B Caracas EL DIARIO DE CARACAS in Spanish 4 Feb 95 p 14

[FBIS Translated Text] Acting president of CVG [Venezuelan Corporation of Guayana] and Minister of Energy and Mines Erwin Arrieta swore in Elias Nadim Ynaty as CVG's director general, in the place of Gustavo Coronel, who resigned during the board of directors meeting on Sunday.

According to Arrieta, this appointment will strengthen the changes being made in the corporation's internal structure to improve the operation of its component companies and enable it to survive the financial crisis that currently besets it.

The new director general, Elias Nadim Ynaty, said that one of the principal objectives in the restructuring of the CVG is the shaping of an assured future for Guayana's labor force; and he proposed all-out development of the entire industry, in order to develop new sources of employment.

Nadim Ynaty also proposed the relaunching of CVG and of Guyana's programs, starting from their organizational restructuring, and seeking elimination of the exporting of raw materials with national value added.

The newly sworn-in director general is in favor of Minister Arrieta's proposal to change CVG's legal nature, transforming it from a regional development corporation into a trading company, in which a holding or parent company can be created, with CVG as its principal shareholder.

Seizing the opportunity to again emphasize the idea, the minister announced that the necessary formalities for the legal change will be completed at an accelerated pace this year.

As to the criticism by some sectors with respect to the duration of his interim presidency, Arrieta explained that its duration will be determined by the securing of a number of goals that include the structural reconfiguration of CVG. Once these goals have been attained, the ad interim presidency will end and a full-term president will be appointed.

On the other hand, the minister explained that any change in the presidencies of the basic companies will depend upon decisions reached at each company's stockholders meeting. These meetings will not take place yet, inasmuch as the companies' 1994 operating results are still being evaluated.

This comment is related to strong rumors that surfaced after Gustavo Coronel's resignation, hinting at the forthcoming resignations of the presidents of some of the basic companies, especially Bauxilum.

Nadim Ynaty is a native of the region. He has held several positions within the CVG itself and in its various basic companies. Until the moment of his swearing in, Nadim Ynaty was working as CVG's corporate vice president in charge of planning. It must be noted that the new director general is a sympathizer of the government party, National Convergence.

Energy and Mines Minister Arrieta was made acting president of CVG when Alfredo Gruber resigned temporarily so that he could defend himself against the charges that were brought accusing him of illegal management of the mines.

One of the measures Arrieta instituted as soon as he took charge was the setting up of a commission to evaluate the administration of the different subsidiary companies. This produced much uneasiness.

During Arrieta's interim presidency, Luis Alvaray, president of Sidor; Juan Francisco Baez, vice president of CVG Finance; and lastly, Gustavo Coronel, have resigned.

Parties Support Constituent Assembly

95SM0218C Caracas EL DIARIO DE CARACAS in Spanish 16 Feb 95 p 23

[Article by Nadia Perez]

[FBIS Translated Text] With the exception of COPEI [Social Christian Party], the remainder of the political parties represented in parliament expressed agreement on inclusion of legal provision for a Constituent Assembly in the constitutional reform.

There also seems to be consensus among the parties to limit the constitutional reform to four or five basic aspects, and to abandon the methodology that has prevailed to date in the Senate Committee on the Constitutional Reform, which has become deeply involved in a comprehensive change to the Constitution.

Senator Alberto Muller Rojas, a member of the reform committee, pointed out that his party supports the AD [Democratic Action] proposal, which calls for debating five or six points. "We believe that a reform must be agreed on quickly so that it can be submitted to a referendum this year, and that it must include the possibility of convoking a Constituent Assembly. Because whatever the approach that may be taken to resolve the country's crisis, it will lead to the Constituent Assembly, whether it be through political violence, or through the exercise of authoritarianism on the part of the government, or by the democratic way of political negotiation. We favor the latter."

In the view of the radical group, the basic aspects to be debated must be: reform of the executive power, to include the instituting of the office of a prime minister; the various types of referenda; and the immediate reform of the judicial power, since, in Muller Rojas's opinion, as presently constituted it does not guarantee either a state governed by law or a functional democracy.

The most divergent position is that of COPEI. COPEI Senator Haydee Castillo, deems that to enact an amendment, on the one hand, and debate detailed aspects in depth, on the other, could generate in the mind of the population the feeling that Congress prefers to avoid matters of importance to the citizens.

As for providing for a Constituent Assembly, Castillo's position is contrary to that of the rest of the parliamentary groups. In her opinion, the constituent spirit of the present national Constitution approved in 1961 is more than sufficient.

Castillo also held that her party's main interest is to see special importance given to the subject of decentralization, inasmuch as in her opinion the text of the present Constitution "falls very short" in this respect.

Segundo Melendez, of the governing MAS [Movement Toward Socialism] party, stated for his part that approval of the reform this very year is of the utmost priority, and warned of the need to include in it the various types of popular referenda in order to ensure its approval in the referendum planned for this purpose.

Equally important to the MAS is the inclusion of articles that provide for the convoking of a Constituent Assembly.

AD supports the Constituent Assembly, if and only if that assembly will have the power to remove the president of the Republic from office, once all the prerequisites are fulfilled.

Gruber Odreman on 'Military Crisis'

95SM0218A Caracas EL NACIONAL in Spanish 8 Feb 95 p D1

[Article by Jesus Eduardo Brando]

[FBIS Translated Text] The country is traversing the most delicate phase of the national crisis because of a degradation of our national and urban values, in the view of Rear Admiral Herman Gruber Odreman, leader of the military movement of 27 November 1992. Admiral Gruber Odreman expressed this view at the Ateneo de Caracas before an audience of notables supporting the forming of a National Front for the Constituent Assembly as the first step toward a change in the realities of our Venezuela, on the occasion of the publishing of his paper "Military Honor and Surmounting of the Military Crisis."

The event was attended by a select group of guests that included the former rector of the UCV [Central University of Venezuela], Luis Fuenmayor Toro; former Minister Manuel Quijada; Deputy Manuel Alfredo Rodriguez; Major Hugo Chavez Frias; Navy Captain Juan de Dios Moncada Vidal; Teodoro Petkoff; Colonel Jose Machillanda Pinto; and Deputy Radames Larrazabal.

In his opening remarks, Admiral Gruber reiterated that President Caldera cannot resolve all the problems in the space of his term of office. "But he must show some progress in the correction of the crisis generated by the conduct of the leaders—if they can be called leaders—who originated this crisis. Regrettably, I am compelled to say, it is my perception that the nation has strayed from its course."

Sacrifices: How Much Longer?

Pursuing this assessment, Admiral Gruber pointed out that while those responsible for the debacle, or rather for the robbing of the country's finances, are abroad laughing at the Venezuelan people and the nation, the people cannot continue to be asked to assume an ever greater burden of sacrifices. "We cannot accept the interior minister's argument, for example, that extradition is very costly, or that the legal proceedings involve complications. Why, having experienced the Latino crisis, were the minimum precautions not taken, thus enabling those responsible for the Progreso Bank fraud to escape with impunity?"

This is another frustration that the Venezuelan people are having to bear. Where did those gentlemen get the millions in bail money that have enabled them to go free again, if not from the money they stole from the people? What can the Venezuelan people do in the face of this mockery, when inflation, shameless speculation, and the rising prices of medicines are sentencing our compatriots to die not only of hunger but also of sickness?

Belated also, in Admiral Gruber's opinion, is the acknowledgment made by Minister Antonio Luis Cardenas, that a qualified, hard-working, conscientious, and responsible people bent on attainment of a better nation is the structural mainstay of our country.

This is why we say to President Caldera that his moral backing is a retaining wall erected against the avalanche of the crisis, but that we do not know how much longer it can hold. The material example of a dignifying sanction is needed in order to give the people a reason to exert further effort toward achievement of a better nation.

Hidrocapital Head on Outlook for 1995

95SM0218B Caracas EL UNIVERSAL in Spanish 15 Feb 95 p 15 Section 1

[FBIS Translated Text] Addressing the House of Deputies Committee on Administration and Services yesterday, Engineer Jose Maria de Viana presented a report on the operating and financial situation of the regional water service in the capital region, indicating good prospects from the standpoint of the water supply and bad ones from that of the budget.

De Viana explained to the members of parliament that during the dry period the service will operate better this year than it did last year, because the Tuy River's main source, the Lagartijo reservoir, which provides 30 percent of the water supply to Caracas and neighboring towns, has greater stored reserves. During the 1993-94 dry season, the intensity of the drought prevented the reservoir's exploitation beginning 15 March, when its levels dropped to less than 10 million cubic meters, and Hidrocapital had to apply severe restrictions.

In the current 1994-95 period, the reservoir has reached a maximum level of 47 million cubic meters of water stored as of the end of the rainy season, and as of the present date it has a stored reserve of 36 million cubic meters more than last year.

The major part of Caracas' water is supplied through the Tuy III System, whose source is the Camatagua reservoir. This reservoir has over 1.1 billion cubic meters of water, sufficient to supply Caracas for three years.

De Viana warned, however, that this does not mean that the situation is ideal. For this reason, he said, the question of whether Caracas will see its water supply restricted will depend on a timely start of the rainy season. The decision to apply or not to apply restrictions will be made during the month of April, when a more accurate forecast can be made as to the start of the rainy season. Until that date, the systems will be able to supply the region's needs and operate comfortably.

Financial Aspect

On the other hand, De Viana stated that Hidrocapital's financial situation is not the soundest, in that while the company's operating costs exceed 38 billion bolivares, the government contribution is less than 3 billion bolivares.

In the case of Caracas, 97 percent of Hidrocapital's costs must be covered by operating revenues. De Viana said that Hidrocapital produces 25 percent of the country's drinking water, but that the state's contributions for expansion and renovation barely total some 1.3 billion bolivares.

Referring to the company's cost structure, he emphasized that electric power rates represent more than 60 percent of its production costs. He said that Caracas' aqueduct requires as much energy as the city of Barquisimeto, and that, in addition, the electric power companies classify the water supply companies as industrial enterprises, so that the rates the water companies pay are much higher.

The members of parliament agreed to invite the president of the Caracas Electric Power Company to put forward a plan for reducing the production costs of the water supply companies.

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